

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that pursuant to the Order of the Honourable Lahore High Court, Lahore dated January 26, 2026, passed in Petition bearing C. O. No. 4862 of 2026, an Extraordinary General Meeting ("EOGM") of **Systems Limited** (the "Company") will be held at, and conducted from, the Company's Head Office situated at Systems Campus, E-1, Sehjpal Road, Near DHA Phase-8 (Ex-Air Avenue), Lahore, on Friday, February 27, 2026, at 2:30 p.m., including through video link facility, to transact the following business:

1. Special Business

Pursuant to the Order of the Honourable Lahore High Court, Lahore dated January 26, 2026, passed in Petition bearing C. O. No. 4862 of 2026, to consider and, if thought fit, to pass, with or without modification, the following resolution for, *inter alia*, the merger, by way of amalgamation, of the entire undertaking of Confiz Limited with and into the Company, along with all ancillary matters thereto, in accordance with the Scheme of Arrangement dated January 20, 2026, as approved by the Board of Directors of the Company on December 10, 2025.

The proposed resolution to be passed by the requisite majority of members of the Company under Sections 279 and 282 of the Companies Act, 2017 is as under:

"RESOLVED THAT the Scheme of Arrangement dated January 20, 2026, prepared under the provisions of Sections 279 to 283 and 285(8) of the Companies Act, 2017, for, inter alia, the merger, by way of amalgamation, of the entire undertaking of Confiz Limited with and into Systems Limited, along with all ancillary and incidental matters thereto, including the issuance of shares of Systems Limited, placed before the meeting for consideration and approval, be and is hereby approved and adopted, along with any modifications / amendments required, or conditions imposed by Honourable Lahore High Court, Lahore, subject to sanction by the Honourable Lahore High Court, Lahore, in terms of the provisions of the Companies Act, 2017."

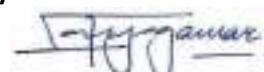
2. Other Business

To transact any other business that may be placed before the meeting with the permission of the Chair.

Copies of the (a) Statement of Material Facts under Section 134(3) of the Companies Act, 2017 concerning the Special Business; (b) Statement under Section 281 of the Companies Act, 2017; (c) Scheme of Arrangement; (d) Swap Letter dated December 30, 2025, issued by BDO Ebrahim & Co., Chartered Accountants; and (e) Special purpose audited interim financials of the Company for the period ended September 30, 2025, are being circulated to the members along with this notice of the EOGM.

Lahore: February 05, 2026

By the Order of the Board



**Fayeza Qamar Rasheed
Company Secretary**

Headquarters	MEA	KSA	APAC	www.systemsltd.com
Lahore E-1, Sehjpal Near DHA Phase-VIII (Ex-Air Avenue), Lahore Cantt, Lahore	Dubai 404, Dubai Hills Business Park 3, Emaar Hills Estate P.O. box: 500497	Riyadh 7069 King Fahd Road, Al Hital Tower, 5th Floor, Al Sahafah Dist, 13315.	Australia Level 16, 1 Market Street, Sydney, NSW, Australia Postal Code 2000, Sydney.	
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Notes:

1. The share transfer books of the Company will remain closed from February 20, 2026 to February 27, 2026 (both days inclusive). Transfers received in order at the office of the Company's share registrar: CDC Share Registrar Services Limited, situated at CDC House, 99-B, Block B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi – 74400 [the Company's Share Registrar (CDCSRSL)], by the close of business on February 19, 2026 will be treated in time for the determination of entitlement of members to attend and vote at the EOGM.
2. A member of the Company entitled to attend, speak and vote at the EOGM may appoint another member as his / her proxy to attend, speak and vote in place of the member. Proxies, in order to be effective, must be received at the Company's registered office, situated at E-1, Sehjpal Road, Near DHA Phase VIII (Ex-Air Avenue), Lahore Cantt., Lahore, at least 48 hours before the time of holding the EOGM and no account shall be taken of any part of the day that is not a working day. A member shall not be entitled to appoint more than one proxy. Form of proxy can be downloaded from the Company's website: www.systemsltd.com.
3. Any Individual Beneficial Owner of CDC, entitled to attend and vote at the EOGM, must bring his / her original Computerized National Identity Card (CNIC) to prove identity, and in case of proxy, a copy of member's attested CNIC must be attached with the proxy form. Representatives of corporate members should bring the usual documents required for such purpose (and as detailed below).

CDC Account Holders will also be required to follow the under mentioned guidelines, as laid down in Circular 1 dated January 26, 2000, issued by the Securities and Exchange Commission of Pakistan (SECP):

For Attending the EOGM

- 3.1 In case of individuals, the account holder or sub-account holder and / or the person, whose securities are in group account and their registration details are uploaded as per the CDC Regulations, shall authenticate identity by showing his / her original CNIC or original passport at the time of attending the EOGM.
- 3.2 Members registered on CDC are also requested to bring their particulars, I. D. Numbers and account numbers in CDS.
- 3.3 In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of the EOGM (unless it has been provided earlier).

For Appointing Proxies

- 3.4 In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirement.
- 3.5 The proxy form shall be witnessed by the person whose name, address and CNIC number shall be mentioned on the form.
- 3.6 Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- 3.7 The proxy shall produce his / her original CNIC or original passport at the time of the EOGM.
- 3.8 The proxy shall produce his / her original CNIC or original passport at the time of the EOGM.

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- 3.9 In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

4. Participation through Video Conference Facility

If the Company receives a demand (at least 2 days before the date of the EOGM) from members holding an aggregate of at least 10% shareholding residing in any other city, to participate in the EOGM through video link, the Company will arrange video conference facility in that city (subject to availability thereof in such city).

In this regard, please send a duly signed request as per the following format at the registered address of the Company, at least 2 days before holding of the EOGM.

I/We, _____ of _____, being a member of Systems Limited, holder of _____ ordinary share(s) as per registered Folio / CDC Account No _____, hereby opt for video conference facility at _____.

Signature of member

5. Virtual Participation in the EOGM Proceedings

- 5.1 Shareholders who wish to participate in the EOGM online i.e., via video link are advised to register with the Company on or before 5:00 p.m. on February 25, 2026, by completing the registration process through the following link: https://systemsld.zoom.us/webinar/register/WN_V_WTAIAST92ECsSIF2k9Mw. Registration shall close at 5:00 p.m. on February 25, 2026.
- 5.2 The Login facility will open 15 (fifteen) minutes before the EOGM time (i.e., at 2:15 p.m. on February 27, 2026) to enable the participants to join the meeting after the identification process. Members will be able to login and participate in the EOGM proceedings through their devices after completing all the formalities required for the identification and verification of the members.
- 5.3 The details of the electronic facility (video link and the login credentials) will only be sent to the interested members (who have completed the registration process in accordance with the process given in Paragraph 5.1 above) at their provided e-mail addresses.

6. Postal Ballot / E-Voting

Members are hereby notified that pursuant to the Companies (Postal Ballot) Regulations, 2018, read with Sections 143-144 of the Companies Act, 2017, and SRO 2192(1)/2022 dated December 5, 2022, members will be allowed to exercise their right to vote for the special business in accordance with the conditions mentioned therein. CDC Share Registrar Services Limited has been appointed as the service provider for the e-voting facility and Junaidy Shoaib Asad, Chartered Accountants have been appointed as the Scrutinizer.

The following options are being provided to members for voting:

6.1 E-Voting Procedure

- (i) Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company by the close of business on February 19, 2026.

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- (ii) The web address, login details and password will be communicated to members via email. The security codes will be communicated to members through SMS and email from web portal of the CDC Share Registrar Services Limited (being the e-voting service provider).
- (iii) Identity of the members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.
- (iv) E-voting lines will start from February 23, 2026, 09:00 a.m. and shall close on February 26, 2026 at 05:00 p.m. Members can cast their votes any time during this period. Once the vote on a resolution is cast by a member, he / she shall not be allowed to change it subsequently.

6.2 Postal Ballot

- (i) Members may alternatively opt for voting through postal ballot. Ballot paper shall also be available for download from the website of the Company at www.systemsltd.com, or members may use the same as annexed to this Notice and published in newspapers.
- (ii) Members shall ensure that duly filled and signed ballot paper, along with copy of CNIC should reach the Chairman of the meeting through post at the Company's registered address (*Attention of the Company Secretary*) OR through the registered email address of the member at muhammad.murtuza@systemsltd.com with subject of '*Postal Ballot for EOGM*' by February 26, 2026 before 05:00 p.m. The signature on the ballot paper must match with the signature on the CNIC. A postal ballot received after this time / date shall not be considered for voting.
- (iii) Please note that in case of any dispute in voting including the casting of more than one vote, the Chairman of the meeting shall be the deciding authority.

7. **Statutory Code of Conduct at EOGM:** Members are requested to observe the conduct referred to in sub-regulation 2 of Regulation 55 of the Companies Regulations, 2024 while attending the EOGM.

8. No gifts will be distributed at the EOGM.

9. Provision of Information by Members

To comply with various statutory requirements, and to avoid any non-compliance of law or any inconvenience in future, all members are hereby advised to coordinate / update their records with their respective Participant / CDC Investor Account Services / the Company's Share Registrar (CDCSRL) in connection with the following:

- Submission of copies of their valid / updated CNIC / NTN Certificate / Zakat Declaration (Exemption) Form / Tax Exemption Certificate.
- Provision of relevant details including valid bank account details / IBAN in order to enable the Company to pay any unclaimed / future cash dividends, if any.
- In case of a joint account, provision of shareholding proportions between principal shareholder and joint holder(s).
- Convert their physical shares into scrip less form, which will also facilitate the members having physical shares in many ways, including safe custody, efficient trading and convenience in other corporate actions.
- Provision of mandatory registration details in terms of Section 119 of the Companies Act, 2017 and other applicable laws, including mobile number / landline number and email address (if available).

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- Promptly notify any change in mailing address, email address and mobile number by writing to the office of the Company's Share Registrar.
10. Copies of the Memorandum and Articles of Association of the Company; Statement under Section 134(3) of the Companies Act, 2017 in respect of the material facts of the special business; Statement under Section 281 of the Companies Act, 2017; Scheme of Arrangement dated January 20, 2026; Swap Letter dated December 30, 2025, issued by BDO Ebrahim & Co., Chartered Accountants; annual audited financial statements of the Company for the year ended December 31, 2024; special purpose audited interim financials of the Company for the period ended September 30, 2025, and any other reasonable information relevant to the special business in respect of the Company (as permitted by the Company) shall be available upon request, and for inspection, by any person entitled to attend the EOGM from the registered office of the Company, located at E-1, Sehjpal Road, Near DHA Phase VIII (Ex-Air Avenue), Lahore Cantt., Lahore, free of cost during normal office hours, from the date of this notice till the conclusion of the EOGM. The said information shall also be placed for inspection of members of the Company during the EOGM.
11. The notice of the EOGM along with the statements, the Scheme of Arrangement, the latest annual audited financial statements, and the special purpose audited financial statements of the Company have also been placed on the website of the Company.
12. In accordance with the Regulation 11 of the Companies (Postal Ballot) Regulations, 2018, the Board of the Company has appointed M/s Junaidy Shoib Asad, Chartered Accountants, a QCR rated audit firm, to act as the Scrutinizer of the Company for the special business to be transacted in the EOGM, and to undertake other responsibilities as defined in Regulation 11A of the said Regulations.

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FORM OF PROXY

EXTRA-ORDINARY GENERAL MEETING

I/We _____ son/Daughter of Mr. _____ a member of Systems Limited (the "Company") and holder of _____ number of shares as per registered folio no. _____ do hereby appoint Mr. / Ms. _____ son / daughter of Mr. _____ or failing him / her Mr. / Ms. _____ son / daughter of Mr. _____ who is also a member of the Company vide registered folio no. _____ as my / our proxy to attend, speak and vote for me / us and on my / our behalf at the Extra-ordinary General Meeting of the Company to be held on 27 February 2026 at 02:30 PM through video-link and at any adjournments thereof.

IN WITNESS WHEREOF signed on this _____ day of _____ 2026

Member's Name:

Affix
Revenue
Stamp

WITNESSES:

1. _____
Name:
Address:
CNIC:

2. _____
Name:
Address:
CNIC:

NOTES:

1. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote his/her behalf. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the meeting.
2. The instrument appointing a proxy should be signed by the member or by his attorney duly authorized in writing. If a member is a corporation, its common seal should be affixed to the instrument.

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systems SYSTEMS LIMITED POSTAL BALLOT PAPER			
for voting through post for poll with respect to the Special Business at the Extraordinary General Meeting to be held on 27 th February, 2026 at 02:30 p.m. at E-1, Sehjal Near DHA Phase-VIII, (Ex-Air Avenue), Lahore. Phone: +92-42- 111-797-836 Email Address: muhammad.murtuza@systemsitd.com Website: www.systemsitd.com			
Folio / CDS Account Number			
Name of Shareholder / Proxy Holder			
Registered Address			
Number of shares Held			
CNIC/Passport No. (in case of foreigner) (copy to be attached)			
Additional information and enclosures (in case of representative of body corporate, corporation, and federal Government)			
Name of Authorized Signatory			
CNIC/Passport No. (in case of foreigner) of Authorized Signatory (copy to be attached)			
Resolution For Agenda Item No. 1			
Pursuant to the Order of the Honourable Lahore High Court, Lahore dated January 26, 2026, passed in Petition bearing C. O. No. 4862 of 2026, to consider and, if thought fit, to pass, with or without modification, the following resolution for, <i>inter alia</i> , the merger, by way of amalgamation, of the entire undertaking of Confiz Limited with and into the Company, along with all ancillary matters thereto, in accordance with the Scheme of Arrangement dated January 20, 2026, as approved by the Board of Directors of the Company on December 10, 2025.			
The proposed resolution to be passed by the requisite majority of members of the Company under Sections 279 and 282 of the Companies Act, 2017 is as under:			
<p><i>RESOLVED THAT</i> the Scheme of Arrangement dated January 20, 2026, prepared under the provisions of Sections 279 to 283 and 285(8) of the Companies Act, 2017, for, <i>inter alia</i>, the merger, by way of amalgamation, of the entire undertaking of Confiz Limited with and into Systems Limited, along with all ancillary and incidental matters thereto, including the issuance of shares of Systems Limited, placed before the meeting for consideration and approval, be and is hereby approved and adopted, along with any modifications / amendments required, or conditions imposed by Honourable Lahore High Court, Lahore, subject to sanction by the Honourable Lahore High Court, Lahore, in terms of the provisions of the Companies Act, 2017.</p>			
Instructions For Poll			
1. Please indicate your vote by ticking (V) the relevant box. 2. In case if both the boxes are marked as (V) (or otherwise), your poll shall be treated as " Rejected ".			
I/we hereby exercise my/our vote in respect of the above resolution through ballot by conveying my/our assent or dissent to the resolution by placing tick (V) mark in the appropriate box below;			
Resolution	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)	
Resolution For Agenda Item No. 1			
<ol style="list-style-type: none"> 1. Dully filled ballot paper should be sent to the Chairman through post at the Company's registered address (Attention of the Company Secretary) at E-1, Sehjal Near DHA Phase-VIII, (Ex-Air Avenue), Lahore or e-mail at muhammad.murtuza@systemsitd.com 2. Copy of CNIC/ Passport (in case of foreigner) should be enclosed with the postal ballot form. 3. Ballot paper should reach the Chairman within business hours by 26th February 2026 by 5:00 p.m. Any postal Ballot received after this date, will not be considered for voting. 4. Signature on ballot paper should match with signature on CNIC/ Passport. (In case of foreigner). 5. Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written poll paper will be rejected. 6. In case of a representative of a body corporate, corporation or Federal Government, the Ballot Paper Form must be accompanied by a copy of the CNIC of an authorized person, an attested copy of Board Resolution, / Power of Attorney, / Authorization Letter etc., in accordance with Section(s) 138 or 139 of the Companies Act, 2017 as applicable. In the case of foreign body corporate etc., all documents must be attested by the Counsel General of Pakistan having jurisdiction over the member. 7. Ballot Paper form has also been placed on the website of the Company at: www.systemsitd.com. Members may download the Ballot paper from the website or use an original/photocopy published in newspapers. 			
<hr style="border: 0.5px solid black; margin-bottom: 5px;"/> Shareholder / Proxy holder Signature/Authorized Signatory <small>(In case of corporate entity, please affix company stamp)</small>			Date _____

Statement under Section 134(3) of the Companies Act, 2017 concerning the Special Business to be transacted at the Extraordinary General Meeting of Systems Limited

The Board of Directors of Systems (the “**Company**”), vide resolutions passed through circulation on December 10, 2025, has resolved to enter into an arrangement with Confiz Limited (“**Confiz**”), which shall be carried out, and effectuated, in terms of the Scheme of Arrangement between the companies and their respective members, dated January 20, 2026 (the “**Scheme of Arrangement**”) under Sections 279 to 283 and 285(8) of the Companies Act, 2017.

Capitalized terms, unless defined herein, shall have the meanings ascribed thereto in the Scheme of Arrangement.

Subject to the sanction of the Honourable Lahore High Court, Lahore, under the Scheme of Arrangement, the entire undertaking and business of Confiz shall be merged, by way of amalgamation, with and into the Company, by transferring to and vesting in the Company all the assets, properties, rights, benefits, powers, bank accounts, privileges, authorizations, contracts, licences, liabilities, obligations, dues etc. comprised in Confiz (the “**Amalgamation**”), with effect from the start of business at 00:00 hours on January 1, 2026, or such other date as may be stated by the Court, against the issuance of ordinary shares by the Company to the Confiz Shareholders.

The proposed Amalgamation, along with all ancillary and related matters thereto, shall be effective by way of the Scheme of Arrangement, which has been filed with the Lahore High Court, Lahore vide Petition bearing C. O. No. 4862 of 2026. In accordance with Section 282(2)(b) of the Companies Act, 2017, a copy of the Scheme of Arrangement has been filed with the Registrar of Companies, Securities and Exchange Commission of Pakistan.

A copy of the Scheme of Arrangement is available for inspection to any person entitled to attend the Extraordinary General Meeting, at the registered office of the Company, situated at E-1, Sehjpal Road, Near DHA Phase VIII (Ex-Air Avenue), Lahore Cantt., Lahore, free of cost during normal office hours. Copies of the same may also be obtained upon request by such persons from the registered office of the Company free of cost during normal office hours. Furthermore, in accordance with the provisions of Section 282(2) of the Companies Act, 2017, a copy of the Scheme of Arrangement has been enclosed with the notice of the Extraordinary General Meeting circulated to the members of the Company, and is also available on the Company’s website.

The objects and benefits of the Amalgamation are also provided in detail in the Scheme of Arrangement.

The details pertaining to the consideration for the Amalgamation, including the ordinary shares to be issued by the Company, along with the swap ratio are stipulated in the Scheme of Arrangement. In accordance with the same, the Company shall allot and issue an aggregate of 57,578,420 (Fifty Seven Million Five Hundred Seventy Eight Thousand Four Hundred Twenty) ordinary shares, having face value of PKR 2/- (Pak Rupees Two) each, to the Confiz Shareholders existing on the Record Date (as detailed in the Scheme of Arrangement), on the basis of a swap ratio of approximately 0.9975 ordinary shares of the Company for every 1 (one) ordinary share of Confiz, of the face value of PKR 10/- (Pak Rupees Ten) each, held by each Confiz Shareholder (subject to adjustment of fractional shares). The aforementioned consideration, including the swap ratio, has been determined and approved by the Board of Directors of the respective companies, as per the arrangement envisaged by the managements of the respective companies, after taking into account and having considered the valuations stipulated in the Swap Letter dated

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December 30, 2025, issued by BDO Ebrahim & Co. Chartered Accountants, along with the corresponding share swap range detailed therein. The fair value assessment of the companies, as detailed in the said Swap Letter, has been performed under the income based approach and market multiples based approach, with the valuation cut-off as of November 30, 2025, based, *inter alia*, on the management accounts of the respective companies for the period ended November 30, 2025, the financial projections of the companies up till the year ended December 30, 2030, and other related information, including the assumptions and representations provided by the companies.

The above shall be carried out and effectuated in accordance with the provisions of the Scheme of Arrangement.

Furthermore, pursuant to the sanction of the Scheme of Arrangement, the authorized share capital of the Company shall stand automatically increased from PKR 4,000,000,000/- (Pak Rupees Four Billion) to PKR 5,000,000,000/- (Pak Rupees Five Billion), divided into 2,500,000,000 (Two Billion Five Hundred Million) ordinary shares of PKR 2/- (Pak Rupees Two) each, by merger of the existing authorized share capital of the Company and Confiz. The Memorandum and Articles of Association of the Company shall stand amended in terms of the Scheme of Arrangement. The approval of the members of the Company to the Scheme of Arrangement shall include and constitute an approval by way of special resolution from the members of the Company to all matters under the Scheme of Arrangement, including the increase in the authorized share capital of the Company.

The directors of the Company are interested in the Scheme of Arrangement to the extent of their respective directorships and (direct and / or indirect) shareholdings in the Company (to the extent applicable). The effect of the Scheme of Arrangement on the interests of these directors does not differ from its effect on the like interests of other members, except as stated herein or under the Scheme of Arrangement.

The directors of the Company shall continue as the directors after the arrangement (subject to their ceasing to be directors prior to the completion of the Amalgamation).

In view of the above, the Board of Directors of the Company have approved and recommended the Scheme of Arrangement, along with the arrangements stipulated thereunder which have been described above.

Statement under Section 281 of the Companies Act, 2017 concerning the Special Business

The statement setting forth the terms of the Scheme of Arrangement and explanation of its effects, including the interests of the directors of the Company and the effect of those interests and other ancillary information may be obtained upon request by any person entitled to attend the Extraordinary General Meeting from the registered office of the Company situated at E-1, Sehjpal Road, Near DHA Phase VIII (Ex-Air Avenue), Lahore Cantt., Lahore, free of cost during normal office hours.

The aforesaid statement is also enclosed along with the notice of the Extraordinary General Meeting.

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STATEMENT UNDER SECTION 281(1)(A) OF THE COMPANIES ACT, 2017, ACCOMPANYING THE NOTICES TO THE MEMBERS AND SECURED CREDITORS OF SYSTEMS LIMITED

Pursuant to the Order dated January 26, 2026, passed by the Honourable Lahore High Court, Lahore in Petition bearing C. O. No. 4862 of 2026, under Sections 279 to 283 and 285(8) of the Companies Act, 2017, the Court has directed, *inter alia*, that, in accordance with the applicable laws, separate meetings of the members and secured creditors of Systems Limited (the “**Company**”) be convened for seeking approval with respect to the Scheme of Arrangement dated January 20, 2026 (the “**Scheme of Arrangement**”), pertaining, *inter alia*, to the merger, by way of amalgamation, of the entire undertaking of Confiz Limited (“**Confiz**”) with and into the Company, by transfer to and vesting in the Company all the assets, properties, rights, benefits, powers, bank accounts, privileges, authorizations, contracts, licences, liabilities, obligations, dues etc. comprised in Confiz (the “**Amalgamation**”), along with all ancillary matters thereto, as approved by the Board of Directors of the Company on December 10, 2025.

Capitalized terms, unless defined herein, shall have the meanings ascribed thereto in the Scheme of Arrangement.

For persons entitled to attend the respective meetings, a copy of the Scheme of Arrangement (along with its annexures) may be obtained from the registered office of the Company, situated at E-1, Sehjpal Road, Near DHA Phase VIII (Ex-Air Avenue), Lahore Cantt., Lahore, free of cost during normal business hours. Furthermore, a copy of the Scheme of Arrangement has been / shall be enclosed with the notices of the respective meetings circulated / to be circulated to the members and secured creditors of the Company.

The notices issued and published to the members of the Company are for the purpose of convening a meeting of the members of the Company, as directed by the Court, for the purpose of passing, *inter alia*, the following resolution for obtaining approval in respect of the Scheme of Arrangement and the Amalgamation contemplated thereunder, along with ancillary matters:

“RESOLVED THAT the Scheme of Arrangement dated January 20, 2026, prepared under the provisions of Sections 279 to 283 and 285(8) of the Companies Act, 2017, for, inter alia, the merger, by way of amalgamation, of the entire undertaking of Confiz Limited with and into Systems Limited, along with all ancillary and incidental matters thereto, including the issuance of shares of Systems Limited, placed before the meeting for consideration and approval, be and is hereby approved and adopted, along with any modifications / amendments required, or conditions imposed by Honourable Lahore High Court, Lahore, subject to sanction by the Honourable Lahore High Court, Lahore, in terms of the provisions of the Companies Act, 2017.”

As required under Section 279(2) of the Companies Act, 2017, the above resolution is required to be passed at the meeting of the members of the Company convened pursuant to the Order of the Court, by a majority representing three-fourths in value of the issued shares held by the members of the Company, present in person or by proxy, and voting at the Extraordinary General Meeting. The sanctioning of the Scheme of Arrangement and the making of other appropriate orders in connection therewith will be considered by the Court after the Scheme of Arrangement is approved as aforesaid.

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Dist, 13315.

APAC

Australia
Level 16, 1 Market Street,
Sydney, NSW, Australia Postal
Code 2000, Sydney.

www.systemsltd.com

In terms of the order passed by the Court, Mr. Aamir Sana, Advocate and Mr. Jahanzeb Inam, Advocate have been appointed as Joint Chairpersons for the meeting of the members of the Company, and the same shall be held under their supervision. Furthermore, the Court has directed the Joint Chairpersons to submit their report with respect to the meeting to the Court.

The notices issued / to be issued to the secured creditors of the Company are for the purpose of convening a meeting of the secured creditors of the Company, in accordance with the applicable laws, for the purpose of obtaining their approval in respect of the Scheme of Arrangement and the Amalgamation contemplated thereunder. With respect to the secured creditors of the Company, under Section 279(2) of the Companies Act, 2017, the Scheme of Arrangement is required to be approved by three-fourths of the creditors (in value) present and voting at the meeting of the secured creditors (through their authorized representatives). Having said the above, the Company may seek an exemption from the Court for holding a meeting of the secured creditors of the Company if the Company obtains written approvals / no-objection certificates with respect to the Scheme of Arrangement from the requisite majority of secured creditors.

In terms of the order passed by the Court, Mr. Aamir Sana, Advocate and Mr. Jahanzeb Inam, Advocate have been appointed as Joint Chairpersons for the meeting of the secured creditors of the Company, and the same shall be held under their supervision (unless an exemption is obtained from the Court for holding such meeting).

The Scheme of Arrangement is subject to the sanction of the Court and may be sanctioned in its present form or with any modification thereof or addition thereto as the Court may approve, and the Scheme of Arrangement, with such modification or addition, if any, is also subject to any conditions which the Court may impose. The respective Boards of Directors of the Company and Confiz have the power (in the manner specified under the Scheme of Arrangement) to consent on behalf of all concerned to any modifications of, or additions to, the Scheme of Arrangement, or to any conditions which the Court may think fit to impose. Furthermore, the Company and Confiz shall also take steps to obtain the necessary regulatory / third party approvals, as may be required under the applicable laws. In this respect, the companies have commenced taking steps for obtaining the requisite pre-merger clearance from the Competition Commission of Pakistan.

The Scheme of Arrangement has been filed with the Honourable Lahore High Court, Lahore vide Petition bearing C. O. No. 4862 of 2026. Furthermore, in accordance with the directions of the High Court, notice of the said petition has been provided to the Securities and Exchange Commission of Pakistan.

Companies involved in the Scheme of Arrangement

Systems Limited

The Company is a public company, the shares of which are listed on the Pakistan Stock Exchange Limited. It was incorporated as a private company limited by shares on December 13, 1977. Subsequently, the status of the Company changed from a private company to a public company with effect from August 15, 2005.

The Company has an authorized share capital of PKR 4,000,000,000/- (Pak Rupees Four Billion), divided into 2,000,000,000 (Two Billion) ordinary shares of PKR 2/- (Pak Rupees Two) each, out of which 1,473,404,435 (One

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Billion Four Hundred Seventy-Three Million Four Hundred Four Thousand Four Hundred Thirty-Five) ordinary shares have been issued, fully subscribed to and paid up.

The Company is principally engaged in the business of software development, trading of software, hardware and business process outsourcing services

Confiz Limited

Confiz is a public company limited by shares, which was incorporated on January 22, 2013. It has an authorized share capital of PKR 1,000,000,000/- (Pak Rupees One Billion), divided into 100,000,000 (One Hundred Million) ordinary shares of PKR 10/- (Pak Rupees Ten) each, out of which 57,723,414 (Fifty-Seven Million Seven Hundred Twenty-Three Thousand Four Hundred Fourteen) ordinary shares have been issued, fully subscribed to and paid up.

Confiz is principally engaged in the development and implementation of computer software and rendering of support and other IT related services globally.

Brief of the Scheme of Arrangement

Summary and Objective

The principal object of the Scheme of Arrangement is, *inter alia*, to effect the Amalgamation, as further detailed in the Scheme of Arrangement, with effect from the start of business at 00:00 hours on January 1, 2026 or at such other date stated by the Court (the “**Effective Date**”), by transfer to and vesting in the Company the entire business and undertaking of Confiz, including all the assets, properties, rights, benefits, powers, bank accounts, privileges, authorizations, contracts, licences, liabilities, obligations, dues etc. of every description of Confiz, subsisting immediately preceding the Effective Date, without any further act or deed or documents being required to be carried out, executed, registered or filed in respect of such transfer, vesting, and / or assumption, in the manner stipulated under the Scheme of Arrangement. Thereafter, Confiz shall be dissolved without winding up in the manner prescribed under the Scheme of Arrangement, while the Company shall continue as a going concern.

Accordingly, subject to the sanction of the Scheme of Arrangement by the Court, as of the Effective Date and thereafter, until the undertaking of Confiz is actually transferred to and vested in the Company in terms of the Scheme of Arrangement, the business of Confiz will be deemed to have been carried out for and on account and for the benefit of the Company. Subsequent to the sanction of the Scheme of Arrangement, and as a consequence of the Amalgamation, the financial statements of the Company will be prepared in accordance with the applicable laws, including the Companies Act, 2017 (and other regulations and notifications), and the relevant accounting and reporting standards applicable in Pakistan.

Benefits

The respective directors of the Company and Confiz have considered it prudent and beneficial to carry out the Amalgamation for the reasons and benefits stipulated in the Scheme of Arrangement. Amongst other benefits, as are also elaborated in detail in the Scheme of Arrangement, the Amalgamation is expected to: (i) result in potential operational, technical, and human resources related synergies; (ii) increase the asset base and the size of the

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surviving entity i.e. the Company, which would in turn allow the surviving / merged entity to have access to more external funds at competitive rates, as well as a combined pool of assets which is likely to provide better investment and growth opportunities; (iii) increase the risk absorption capacity of the Company which would increase stability and sustainability; (iv) place the Company in a position to access a larger customer base, explore value added product / services streams, and allow it to have a greater product range / portfolio and potentially better profitability; and (v) enable the merged entity to reduce administrative costs. The Amalgamation is expected to enhance shareholder value as well as returns for the shareholders of Systems (as the merged / surviving entity).

Consideration and Effect on Shareholding Structure

The details pertaining to the consideration for the Amalgamation, including the ordinary shares to be issued by the Company, along with the swap ratio are stipulated in the Scheme of Arrangement. In accordance with the same, the Company shall allot and issue an aggregate of 57,578,420 (Fifty Seven Million Five Hundred Seventy Eight Thousand Four Hundred Twenty) ordinary shares, having face value of PKR 2/- (Pak Rupees Two) each, to the Confiz Shareholders existing on the Record Date (as detailed in the Scheme of Arrangement), on the basis of a swap ratio of approximately 0.9975 ordinary shares of the Company for every 1 (one) ordinary share of Confiz, of the face value of PKR 10/- (Pak Rupees Ten) each, held by each Confiz Shareholder (subject to adjustment of fractional shares).

The aforementioned consideration, including the swap ratio, has been determined and approved by the Board of Directors of the respective companies, as per the arrangement envisaged by the managements of the respective companies, after taking into account and having considered the valuations stipulated in the Swap Letter dated December 30, 2025, issued by BDO Ebrahim & Co. Chartered Accountants, along with the corresponding share swap range detailed therein. The fair value assessment of the companies, as detailed in the said Swap Letter, has been performed under the income based approach and market multiples based approach, with the valuation cut-off as of November 30, 2025, based, *inter alia*, on the management accounts of the respective companies for the period ended November 30, 2025, the financial projections of the companies up till the year ended December 30, 2030, and other related information, including the assumptions and representations provided by the companies. The draft of the said Swap Letter had been adopted by the respective Board of Directors of the Company and Confiz.

General

All information / particulars with respect to the Amalgamation and the arrangement in respect thereof, including all ancillary matters thereto, are provided in detail in the Scheme of Arrangement, including details of the companies, and the objects and benefits of the entire arrangement, treatment of employees and arrangements with respect to the secured creditors of the Company.

Approval of the Scheme of Arrangement by the members of the Company shall also constitute an approval by way of special resolution from the members of the Company with respect to all matters prescribed under the Scheme of Arrangement, including an increase in the authorized share capital of the Company to PKR 5,000,000,000/- (Pak Rupees Five Billion), divided into 2,500,000,000 (Two Billion Five Hundred Million) ordinary shares of PKR 2/- (Pak Rupees Two) each, by merger of the existing authorized share capital of the Company and Confiz, along with the consequential amendments to the Memorandum and Articles of Association of the Company.

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Summary of Operating and Financial Performance

Systems Limited

Financial Performance	FY - PKR					9M - PKR
	2020	2021	2022	2023	2024	2025
Revenue	7,513,766,845	11,903,583,911	20,644,764,716	32,037,995,164	38,526,983,552	33,062,036,419
Gross profit	2,810,396,998	4,028,370,314	6,816,401,895	9,726,611,310	9,561,288,554	8,830,326,916
Operating profit	2,044,597,986	2,816,512,795	4,871,976,394	7,096,705,165	5,598,355,720	5,572,571,362
Profit before taxation	2,267,329,045	3,352,565,630	6,624,487,917	8,549,166,473	6,214,307,479	6,370,697,464
Profit for the year	2,193,914,942	3,320,691,476	6,299,836,945	8,559,160,491	6,115,297,176	5,998,669,754
EPS - basic	8.03	12.06	22.44	29.41	20.94	4.09
Financial Position						
Total Assets	9,834,639,018	15,240,874,128	26,838,580,490	36,317,296,722	43,337,263,433	48,886,438,236
Total Liabilities	2,580,952,967	4,767,544,612	6,656,143,932	8,603,769,048	10,453,726,703	11,153,111,046
Total Equity	7,253,686,051	10,473,329,516	20,182,436,558	27,713,527,674	32,883,536,730	37,733,327,190

The latest annual audited financial statements of the Company for the year ended December 31, 2024 are available on its website, which contains the summarized operating and financial performance as well as details about company specific risk factors.

Furthermore, in compliance with the provisions of Section 282(2)(e) of the Companies Act, 2017, the special purpose audited interim financials of the Company for the period ended September 30, 2025 have also been / shall also be enclosed with the notices of the respective meetings circulated / to be circulated to the members and secured creditors of the Company. The same are available for inspection to any person entitled to attend the respective meetings, at the registered office of the Company, free of cost during normal office hours. Copies of the same may also be obtained upon request by such persons from the registered office of the Company, free of cost during normal office hours. The said audited accounts are also available on the Company's website.

Confiz Limited

	FY26 Q1	FY25	FY24	FY23	FY22	FY21
Revenue	1,092,533,097	4,119,249,991	4,155,278,461	3,487,070,031	2,127,905,702	1,556,041,092
Gross Profit	367,318,967	1,426,085,082	1,653,377,811	1,243,464,256	547,654,913	590,020,565
Operating profit	201,829,805	884,639,839	1,195,182,288	882,384,816	282,971,449	389,607,751
Profit before levies and taxes	180,329,593	921,375,181	1,015,084,290	1,182,324,970	530,714,494	272,367,765
Profit after tax	165,904,750	857,216,395	979,875,373	1,152,114,916	514,630,815	259,875,464
Total Assets	5,991,250,414	5,611,040,979	4,056,099,138	3,304,317,966	2,230,336,353	1,697,054,555
Total Liabilities	1,585,847,041	1,371,937,181	662,346,625	467,186,380	366,582,091	312,571,993
Total Equity	4,405,403,373	4,239,103,798	3,393,752,513	2,837,131,586	1,863,754,262	1,384,482,562

Potential Risk Factors with respect to the Amalgamation

The respective Board of Directors of the Company and Confiz do not foresee any potential risks arising as a result of the Amalgamation itself, and are of the view that the same is likely to enhance shareholder and market value as well as future returns for all members of the Company (including the Confiz Shareholders upon their becoming members of the Company upon the effectuation of the Amalgamation). The merged entity will have larger market capitalization and improved market position with the potential for better performance, both in terms of the ability to deploy capital more effectively and manage its resources and operations more efficiently. Additionally, a robust company may attract more investors, further improving shareholder returns and shareholder and market value.

Information pertaining to the Creditors of the Company

In accordance with the provisions of the Scheme of Arrangement, as of the Effective Date, all the liabilities and obligations of Confiz, shall be assumed by and become the liabilities and obligations of the Company without any further act or deed. The Company shall be obligated to pay, undertake, satisfy, discharge and perform all such liabilities and obligations. The Scheme of Arrangement also details the proposed arrangement (as a consequence of the Amalgamation) with respect to the charges / encumbrances existing in favour of the secured creditors of Confiz, if any. As of the date hereof, Confiz does not have any secured creditors. The charges / encumbrances existing in favour of the secured creditors of the Company over the Company's assets remain unaffected.

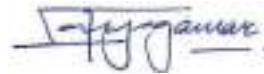
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Material Interests of Directors (if any)

The respective directors of the Company and Confiz have interest in the Scheme of Arrangement to the extent of their respective directorships and (direct and / or indirect) shareholdings in the said companies (to the extent applicable). The effect of the Scheme of Arrangement on the interests of these directors does not differ from its effect on the like interests of other members, except as stated herein or under the Scheme of Arrangement.

Subject to the sanction of the Scheme of Arrangement, the directors of Confiz shall cease to hold office as directors without any rights to any compensation for loss of office upon the dissolution of Confiz in accordance with the provisions of the Scheme of Arrangement. Furthermore, the directors of the Company shall continue as the directors after the arrangement (subject to their ceasing to be directors prior to the completion of the Amalgamation).

By the Order of the Board



Fayez Qamar Rasheed
Company Secretary

Lahore: February 05, 2026

Headquarters

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SCHEME OF ARRANGEMENT

**UNDER SECTIONS 279 TO 283 AND 285(8) OF
THE COMPANIES ACT, 2017**

INVOLVING

**SYSTEMS LIMITED
AND ITS MEMBERS**

AND

**CONFIZ LIMITED
AND ITS MEMBERS**

FOR

**The merger / amalgamation of the entire undertaking of Confiz Limited with and into
Systems Limited, along with all ancillary matters.**

MRS

Confiz Limited



SCHEME OF ARRANGEMENT
UNDER SECTIONS 279 TO 283 AND 285(8) OF THE COMPANIES ACT, 2017

BETWEEN

SYSTEMS LIMITED, a public company limited by shares and listed on the Pakistan Stock Exchange Limited, incorporated and existing under the laws of Pakistan and having its registered office at E-1, Sehjpal Road, Near DHA Phase VIII (Ex-Air Avenue), Lahore Cantt., Lahore (hereinafter referred to as "Systems", which expression shall mean and include, where the context so requires or admits, its successors-in-interest and permitted assigns);

AND

CONFIZ LIMITED, a public company limited by shares, incorporated and existing under the laws of Pakistan and having its registered office at Plot No. 13-14, Civic Centre, Township, Lahore (hereinafter referred to as "Confiz", which expression shall mean and include, where the context so requires or admits, its successors-in-interest and permitted assigns);

AND

THEIR RESPECTIVE MEMBERS.

RECITALS

WHEREAS by this Scheme of Arrangement ("Scheme"), it is, *inter alia*, proposed that:

1. The entire undertaking, comprising all the Assets, Liabilities and Obligations, of Confiz shall, as at the Effective Date, stand merged with, transferred to, vested in, and be assumed by Systems.
2. As consideration for the above, it is proposed that Systems Shares shall be issued to the Confiz Shareholders in accordance with this Scheme.
3. Upon the merger and transfer of the entire undertaking (including all the Assets, Liabilities and Obligations) of Confiz in the manner prescribed under this Scheme, Confiz shall be dissolved without winding up.
4. This Scheme, if approved through a resolution by the requisite majority of the respective members of Systems and Confiz, along with the requisite majority of creditors (as may be applicable), and sanctioned by the Court by an order passed in this respect, is to be binding on Systems and Confiz along with all the members, creditors, employees, Customers, contracting parties, government, tax and regulatory / statutory authorities, bodies and departments of or with respect to Systems and Confiz (as applicable) respectively.



BENEFITS OF THIS SCHEME

A. Arrangements Between Systems, Confiz and their Respective Members

The Amalgamation shall allow Systems and Confiz to effectuate the arrangement envisaged by the parties, including the companies and their respective members, through the provisions of sections 279 to 283 and 285(8) of the Act, in a seamless manner.

B. Larger Asset Base

The Amalgamation would lead to an increase in the asset base and the size of the surviving entity i.e. Systems. This would in turn allow the surviving / merged entity to have access to more external funds at competitive rates, as well as a combined pool of assets that is likely to provide better investment and growth opportunities. The larger size of the equity and asset base would provide greater comfort to existing and potential creditors of the surviving / merged entity. Moreover, access to a combined pool of resources is likely to improve growth prospects and the ability to undertake more efficient allocation of capital through larger assignments / projects.

C. Synergies

The Amalgamation would provide an opportunity to operate the business / operations of Systems and Confiz through a consolidated operations department, as well as a single finance and administration department, which is expected to result in the following potential synergies:

- (i) **Operational synergies**, including economies of scale through, *inter alia*, optimized planning and deployment with respect to the combined business / operations of Systems and Confiz (having similar and complementary nature of business);
- (ii) **Technical synergies**, including technological advancements, developments and process improvements from knowledge sharing, greater research and development activities for product / software development and cost reduction, improving efficiencies through resource optimization, obtaining the benefit of an enhanced engineering pool resulting in a reduction in engineering costs, and sharing of technical and other data for the improvement of business and execution capabilities; and
- (iii) **Human Resources synergies**, including workforce optimization through the use of experienced teams, improved resource allocation and skill optimization, knowledge and experience sharing, as well as employee development involving shared training and development programs to enhance employee capabilities.

D. Increase in Risk Absorption Capacity

The larger size of Systems (as the merged / amalgamated entity) would increase its risk absorption capacity, thus enhancing the capacity to manage the potential risks arising out of

an adverse and / or uncertain operating environment. In the long run, this factor would provide greater stability as well as sustainability in the business and operations for Systems.

E. Larger Product and Customer Portfolio

The Amalgamation would result in Systems (as the surviving entity) having a greater product range / portfolio and potentially better profitability. The larger merged entity would also be in a position to explore additional value added product / services streams. The same would also be beneficial from a marketing, distribution and retail perspective.

Additionally, Systems would also have access to, and be able to benefit from, a larger customer base, including Confiz's international customers, many of which are serviced through the subsidiaries of Confiz, which would become subsidiaries of Systems as a consequence of the Amalgamation.

F. Reduction in Administrative Costs

The Amalgamation would enable the merged entity i.e. Systems to carry out the business / operations of Systems and Confiz through single operations, accounts / finance, treasury, administration, human resources and management information system departments, under one set of management and staff, as well as sharing of office space, thus resulting in considerable cost savings and economies of scales, as well as better and more efficient coordination and use of resources.

G. Single Corporate and Tax Reporting

The Amalgamation will make single corporate and tax reporting possible for the merged entity. The same will entail the elimination of maintenance of separate records for business operations, selling, purchasing, marketing, legal, administrative, and secretarial and other records under the various laws, which currently results in duplication of work and higher costs.

H. Leveraging Against the Assets of Confiz

The Amalgamation will allow Systems to acquire the benefit of the Assets of Confiz without having to pay cash consideration in respect of such Assets (including its subsidiaries), and leverage the same for raising further capital (potentially at lower cost) for growing the business and enhancing shareholder value.

I. Cost Savings and Rationalization

The Amalgamation would enable the companies and their respective members to rationalize and save costs under the applicable laws while effectuating the envisaged arrangement.



J. Benefits to the Respective Shareholders of Systems and Confiz

Overall, the Amalgamation is likely to (in the context of the benefits set out above) enhance shareholder value as well as future returns for all shareholders of Systems (including the shareholders of Confiz upon their becoming shareholders of Systems upon the effectuation of the Amalgamation). The merged entity will have larger market capitalization and an improved market position with the potential for better performance, both in terms of the ability to deploy capital more effectively and manage its resources and operations more efficiently.

Furthermore, taking into account that Systems is listed on the PSX, the merged / surviving entity will allow for more liquidity of shares, allowing shareholders (especially minority shareholders) to trade in their shares with more ease. This will also be beneficial for the shareholders of Confiz, in favour of whom Systems Shares shall be issued in consideration for the Amalgamation, as the said shareholders shall receive shares of a listed company, and shall be in a position to trade in such shares. Additionally, a robust company may attract more investors, further improving shareholder returns and shareholder value.



NOW THEREFORE, this Scheme is presented as follows:

ARTICLE 1

DEFINITIONS AND INTERPRETATION

- 1.1. In this Scheme, including in the recitals and benefits above, unless the subject or context otherwise requires, the following expression shall bear the meanings specified against them below:

"Act" means the Companies Act, 2017;

"Amalgamation" shall have the same meaning as prescribed thereto in Article 2.1;

"Annexure A" is the annexure attached hereto which lists the current members of the Board of Directors of Systems;

"Annexure B" is the annexure attached hereto which lists the current members of the Board of Directors of Conviz;

"Annexure C" is the annexure attached hereto containing the Swap Letter;

"Assets" mean assets, properties and rights of every description and kind (whether present or future, actual or contingent, tangible or intangible) and includes properties held on trust and benefit of securities obtained from Customers, benefits, interests, powers, rights, authorities, privileges, Contracts, Government consents, Government subsidies, tax refunds / credits, tax protections, remissions and exemptions (including holding period of such assets and liabilities along with all the rights attached and accrued thereto including, but not limited to, equity-based tax credits for unexpired period), sanctions and authorizations, including all registrations, licences, certifications, approvals, Claims, no objection certificates / letters, permits, categories, exemptions, quotas, entitlements, sanctions, empowerments, dispensations, charters, immunities, grants, prerogatives, permissions and benefits relating to the business / company, all trademarks, patents, copyrights, intellectual property rights (whether registered or not), licences, liberties, secret processes, know-how, goodwill, data and confidential information belonging / pertaining to a company. Without in any way limiting or prejudicing the generality of the foregoing, it is hereby clarified that the term 'Assets' shall include: (i) all properties, immovable and movable, real, corporeal or incorporeal, in possession or reversion, present or contingent of whatsoever nature and wheresoever situated belonging to a company, as well as equity, stocks, debentures, bonds, rights under futures, options, derivative contracts, commodities etc. (and all rights, titles, interests and easements associated therewith); (ii) all inventory, stock-in trade, raw materials, ingredients, packaging, consignments from shipments, consumable stores, plant, machinery, equipment, furniture and fixtures, work-in-progress, computer hardware and software, software applications and licences, motor vehicles, office and laboratory equipment and supplies, appliances and accessories, spare parts and tools; (iii) all Claims, choses-in-action, instruments, decretal amounts, bank and other accounts, cash balances, goodwill, revaluation surplus, reserve funds, revenue balances, investments (together with control in subsidiary and associated companies), other investments, interest / profit / dividends accrued on investments, loans, advances, guarantees, deposits, prepayments, receivables, book debts, trade debts and all other rights and interest in and arising out of such property in the



ownership, possession, power or control of a company, whether legal or beneficial, whether within or out of Pakistan; (iv) all books of accounts, registers, records, information, data, documents of title, reports, policies, surveys, research, advertising or other promotional material, and all other documents of whatever nature relating thereto, in every form; (v) all benefits and rights under Contracts, including rights under or relating to Contracts; (vi) all the utilities connections, equipment, installations and facilities for telecommunications, electricity, gas, water, sewerage and other installations, owned by, leased or licensed to a company (including related deposits); (vii) goodwill, revaluation surplus, share premium amounts, capital and revenue reserves; (viii) Contingent Claims, tax credits / carry forward losses and proceeds realized from the Liquidation of the Contingent Claims; (ix) unadjusted tax receivables / losses and tax refunds; (x) sales tax carry forward balance and sales tax refunds; (xi) any subsidy receivable claims; and (xii) registrations, approvals, certifications and licenses with / from any and all regulatory authorities and bodies, Federal Board of Revenue, Provincial Boards of Revenue, including in respect of income tax, sales tax, excise duty and otherwise;

"CDC" means the Central Depository Company of Pakistan Limited;

"CDS" means the Central Depository System (an electronic book entry system for the recording and transfer of securities, established under the Central Depositories Act, 1997 and maintained by the CDC);

"Claim" means claim, counter-claim, demand or cause of action and includes a Contingent Claim;

"Completion Date" has the same meaning as prescribed thereto in Article 3.1;

"Confiz" shall have the meaning as prescribed in the Preamble above;

"Confiz Shareholders" means the members of Confiz, as determined on the Record Date, to whom Systems Shares shall be issued in accordance with the provisions of this Scheme;

"Contingent Claim(s)" means any potential Claim that a company may have against any person prior to the Effective Date which may not be disclosed or reflected as part of its Assets on its books or records;

"Contracts" means any contracts, agreements, deeds, instruments, insurance policies, letters or undertakings of every description, creating any obligations enforceable against the parties thereto, including any finance agreements;

"Corporate Action" means any of the following:

- (i) any action taken by Systems or Confiz for its further capitalization, whether through rights, bonus or issuance pursuant to the exercise of, or grant of, options under its employee stock option scheme; or
- (ii) any consolidation, stock split, sub-division, reorganization, reclassification or other similar corporate action in relation to the share capital of Systems or Confiz;

"Court" means the Lahore High Court, Lahore, or any other Court / authority for the time being having jurisdiction under the Act in connection with the arrangements under this Scheme (including the Amalgamation);

"Customer" means any person having entered into a transaction, arrangement or other dealing with a company;

"Effective Date" shall have the same meaning as prescribed thereto in Article 3.1;

"existing" means existing, outstanding or in force immediately prior to the Effective Date (unless stated otherwise);

"Liabilities and Obligations" includes all borrowings, liabilities, duties, commitments and obligations of every description (whether present or future, actual or contingent) arising out of any Contract, law or otherwise whatsoever, and all Securities, and the terms **"Liabilities"** and **"Obligations"** are used interchangeably and / or in conjunction with each other;

"Liquidation" means the release, compromise, satisfaction, settlement or reduction to judgment of any Claim by a competent court of law;

"PSX" means the Pakistan Stock Exchange Limited;

"Record Date" means the (book closure) date to be fixed by the directors of Confiz, after the Completion Date, in accordance with the provisions of this Scheme, to determine the identities and entitlements of the Confiz Shareholders;

"Scheme" means this Scheme of Arrangement, in its present form with any modifications thereof or additions thereto, approved or with any conditions imposed by the Court;

"Security" or "Securities" means interest, right or title in and to any and all mortgages, encumbrances or charges (whether legal or equitable), debenture, bill of exchange, promissory note, guarantee, lien, pledge (whether actual or constructive), hypothecation, assignment by way of security, right of set-off, undertaking or other means of securing payment or discharge of any Liabilities and Obligations;

"Swap Letter" means the letter dated December 30, 2025, issued by BDO Ebrahim & Co. Chartered Accountants, to the respective Board of Directors of Systems and Confiz, attached hereto as Annexure C, pertaining to the Amalgamation, and detailing, *inter alia*, the fair value assessments of Systems and Confiz, along with the corresponding basis and calculations of the share swap ratio range;

"Swap Ratio" shall have the same meaning as prescribed thereto in Article 9.1;

"Systems" shall have the meaning as prescribed in the Preamble above; and

"Systems Shares" means the ordinary shares, having face value of PKR 2/- (Pak Rupees Two) each, in the share capital of Systems.

1.2. In this Scheme, unless specified otherwise:



- (i) the headings in this Scheme are for convenience only and shall not affect the construction or interpretation thereof;
- (ii) a reference to any legislation or legislative provision includes any statutory modification of, or re-enactment of, or legislative provision substituted for, and any subordinate legislation under that legislation or legislative provision;
- (iii) a reference to any agreement or document is to that agreement or document and, where applicable, any of its provisions, as amended, novated, restated or replaced from time to time;
- (iv) a reference to an Article or Annexure is to an article or annexure of or to this Scheme;
- (v) words denoting the singular shall include the plural and vice versa;
- (vi) a reference to a person includes a company, firm, trust, authority or government and vice versa;
- (vii) a reference to any person includes that person's executors, administrators, successors, legal heirs, and permitted assigns;
- (viii) "including" and "include" shall be deemed to mean "including, without limitation" and "include, without limitation"; and
- (ix) the word "hereof", "herein", "hereto" and "hereunder" and words of similar import when used, with the required linguistic and / or grammatical derivation, in this Scheme refer to this Scheme as a whole and not to any particular provision thereof.

ARTICLE 2

OBJECTS OF THE SCHEME

- 2.1. The principal object of this Scheme is to amalgamate the entire undertaking of Confiz with and into Systems, by transferring to, merging with and vesting in Systems the whole of Confiz, as a going concern, including all the Assets, Liabilities and Obligations of Confiz, as of the Effective Date (the "Amalgamation"), against the allotment and issue of Systems Shares to the Confiz Shareholders based on the Swap Ratio, and dissolving Confiz without winding up, in accordance with the provisions of this Scheme.
- 2.2. It is hereby clarified that although all of the above steps will take place on the same date, unless otherwise stipulated in this Scheme, the same shall be deemed to be effective as of the Effective Date.

ARTICLE 3

EFFECTIVE DATE

- 3.1. This Scheme shall become operative and bind Systems and Confiz as soon as an order is passed by the Court under Sections 279 / 282 of the Act, sanctioning this Scheme and making the

necessary provisions under Section 282 of the Act (hereinafter referred to as the "Completion Date"). When this Scheme becomes operative on the Completion Date, the Amalgamation (along with other matters), in accordance with this Scheme, will be treated as having effect from the start of business at 00:00 hours on January 1, 2026, or such other date as may be stated by the Court (hereinafter referred to as the "Effective Date"). Each company shall file a certified copy of the order passed by the Court with the Registrar of Companies in accordance with Section 279 of the Act.

- 3.2. Accordingly, subject to the sanction of this Scheme, as of the Effective Date and thereafter, until the undertaking of Confiz (including the Assets, Liabilities and Obligations thereof) is actually transferred to and vested in Systems in terms of this Scheme, the business of Confiz, as well as any transactions, operations or activities in relation thereto, will be deemed to have been carried for and on account and for the benefit of Systems.
- 3.3. All income, profits, gains and losses accruing or arising to, or incurred by, Confiz (including any taxes paid or deducted or collected or withheld, all credits and refunds on account of sales tax, customs duty and other taxes, including the right to adjust the amount of sales tax paid in connection with the undertaking of Confiz) from the Effective Date shall be treated as the income, profits, gains or losses (including any taxes paid or deducted or collected or withheld, all credits and refunds on account of sales tax, customs duty and other taxes including the right to adjust the amount of sales tax paid in connection with the undertaking of Confiz), as the case may be, of Systems. The reserves, including the unappropriated profits / losses, of Confiz, up to and immediately preceding the Effective Date, if any, shall constitute and be treated as reserves / losses of a corresponding nature in Systems and shall be accounted for on that basis in the books of account of Systems. Subsequent to the Completion Date, and as consequence of the Amalgamation, the financial statements of Systems will be prepared in accordance with the applicable laws, including the Act (and other regulations and notifications), and the relevant accounting and reporting standards applicable in Pakistan.
- 3.4. Notwithstanding the provisions of Articles 3.2 and 3.3, during the period preceding the Completion Date (including between the Effective Date and Completion Date), each of Systems and Confiz shall continue to operate independently in the ordinary course and as per past practice or otherwise in the manner agreed, and further be entitled (without being obliged) to declare and distribute dividends from the profits earned during this period to its respective shareholders as determined by its respective Board of Directors in the ordinary course (unless otherwise agreed between the parties).
- 3.5. From the date of filing of this Scheme with the Court, and till the allotment of the Systems Shares to the Confiz Shareholders (unless this Scheme is withdrawn or the same is not sanctioned), the companies shall not take any Corporate Action, unless otherwise mutually agreed, provided that Systems Shares may be issued pursuant to vested options exercised before the date of filing of this Scheme under its employee stock option scheme, to the extent of the agreed threshold.

ARTICLE 4

CAPITAL

- 4.1. The authorized share capital of Systems is PKR 4,000,000,000/- (Pak Rupees Four Billion), divided into 2,000,000,000 (Two Billion) ordinary shares of PKR 2/- (Pak Rupees Two) each.



out of which 1,473,404,435 (One Billion Four Hundred Seventy Three Million Four Hundred Four Thousand Four Hundred Thirty Five) ordinary shares have been issued, fully subscribed to and paid up as of the date hereof (with the understanding that additional Systems Shares may be issued pursuant to vested options exercised before the date of filing of this Scheme under its employee stock option scheme, to the extent of the agreed threshold).

- 4.2. The authorized share capital of Confiz is PKR 1,000,000,000/- (Pak Rupees One Billion), divided into 100,000,000 (One Hundred Million) ordinary shares of PKR 10/- (Pak Rupees Ten) each, out of which 57,723,414 (Fifty Seven Million Seven Hundred Twenty Three Thousand Four Hundred Fourteen) ordinary shares have been issued, fully subscribed to and paid up as of the date hereof.
- 4.3. Upon the sanction of this Scheme, the authorized share capital of Confiz shall be merged and combined with the authorized share capital of Systems. Resultantly, as a consequence of the above, the authorized share capital of Systems shall thus stand enhanced to PKR 5,000,000,000/- (Pak Rupees Five Billion), divided into 2,500,000,000 (Two Billion Five Hundred Million) ordinary shares of PKR 2/- (Pak Rupees Two) each, and accordingly the Memorandum and Articles of Association of Systems shall stand amended (to the extent required). Approval of the members of Systems to this Scheme shall also include and constitute an approval, by way of special resolution, from the members of Systems to the alteration of the Memorandum and Articles of Association of Systems for the increase of the authorized share capital of Systems to PKR 5,000,000,000/- (Pak Rupees Five Billion), as required in terms of the Act.

ARTICLE 5

BOARD OF DIRECTORS

- 5.1. The present directors of Systems are listed in Annexure A.
- 5.2. The present directors of Confiz are listed in Annexure B.
- 5.3. The directors of Systems are expected to continue as the directors after the Amalgamation / Completion Date, subject to compliance with the applicable laws and / or their ceasing to be directors in the meantime due to any reason(s) and appointments being made to the vacancies thus created and / or fresh elections being held prior to the Completion Date in compliance with applicable laws.
- 5.4. The directors of Confiz (comprising the Board of Directors of Confiz at the relevant time) shall cease to hold office as directors without any rights to any compensation for loss of office upon the dissolution of Confiz in accordance with the provisions of this Scheme.
- 5.5. All the respective directors of Systems and Confiz have interest in the Amalgamation to the extent of their respective directorships and (direct and / or indirect) shareholdings in the said companies (to the extent applicable). The effect of this Scheme on the interest of these directors does not differ from the respective interests of the members of each of Systems and Confiz, except to the extent stipulated in this Scheme or otherwise disclosed.



ARTICLE 6

AMALGAMATION

6.1. General Description

- (i) As of the Effective Date, Confiz, as a going concern (without discontinuation) for the purpose of all laws, shall be amalgamated with and vest in Systems upon the terms and conditions set forth in this Scheme without any further act, deed, matter or thing, process or procedure.
- (ii) Upon the Amalgamation, Systems shall be able to carry out all the business being carried out by Confiz and shall be entitled to all the rights and the benefits thereof.
- (iii) As consideration for the Amalgamation, Systems shall allot and issue Systems Shares to the Confiz Shareholders, while all the shares of Confiz shall stand cancelled, in each case in accordance with Article 9.
- (iv) Confiz shall be dissolved, without winding up, from the date on which all the Systems Shares to be allotted by Systems to the Confiz Shareholders, as prescribed in Article 9, have been so allotted, or on such later date as the Court may prescribe.

6.2. Transfer of the Assets

- (i) As of the Effective Date, all the Assets of Confiz shall immediately, without any conveyance or transfer, and without any further act or deed, or payment of any duties or other amounts, be vested in and become the undertaking and Assets of Systems, which shall have, hold and enjoy the same in its own right as fully as the same were possessed, held and enjoyed by Confiz prior to the Amalgamation.
- (ii) The vesting / transfer of the Assets shall be subject to all Securities subsisting thereon (if any), including in the manner stipulated in this Scheme.
- (iii) The vesting / transfer of the Assets of Confiz to Systems, pursuant to the Amalgamation, shall be effectuated notwithstanding that the same may be in blocked accounts, or pledged by Confiz, or in freeze status (including maintained with the CDC in such form). Where required or applicable, the status of the same shall continue in such manner (under the ownership and title of Systems) once transferred to the relevant account(s) / sub-account(s) of Systems.
- (iv) All licences, permits, quotas, rights, permissions, concessions, privileges, sanctions, approvals, certifications, registrations, empowerments, dispensations, charters, immunities, grants, exceptions, entitlements etc. in relation to the business or undertaking of Confiz (including rights and control over subsidiaries and associated companies with respect to investments of Confiz), the benefit of which Confiz may be eligible and which are subsisting or having effect immediately prior to the Effective Date, shall, from the Effective Date, stand vested in and transferred to Systems without any further act or deed, and shall be appropriately mutated by the relevant authorities in favour of Systems.

6.3. Transfer of Liabilities and Obligations

As of the Effective Date, all the Liabilities and Obligations of Confiz, including towards the creditors of Confiz (if any), shall immediately, and without any further act or deed, be assumed by and become the Liabilities and Obligations of Systems, which shall pay, undertake, satisfy, discharge and perform, when due, all such Liabilities and Obligations.

6.4. Systems' Right to Execute Deeds

Deeds, assignments or similar instruments to evidence the aforesaid transfer of Assets and / or assumption of Liabilities and Obligations of Confiz may, if required at any time after the Completion Date, and with effect from the Effective Date, be executed by officers of Systems authorized to do so in this regard.

6.5. References to Assets and Liabilities and Obligations

Any reference in this Scheme to Assets or Liabilities and Obligations of Confiz is a reference to Assets or Liabilities and Obligations to which Confiz is, for the time being, entitled or subject to (whether beneficially or in any fiduciary capacity) immediately preceding the Effective Date, wherever such Assets or Obligations and Liabilities are situated or arise and whether or not the same are capable of being transferred or assigned to or by Confiz under any applicable law or instrument.

6.6. Assets held in Trust, etc.

Any Asset comprised or vested in Confiz, which immediately before the Effective Date was held by Confiz as trustee or custodian in the form of any trust deed, settlement, covenant, agreement or will or as executor of the will, or administrator of the estate of a deceased person or as judicial trustee appointed by order of any court, or in any other fiduciary capacity, shall, as of the Effective Date, be held by Systems in the same capacity upon the trusts, subject to the powers, provisions and Liabilities applicable thereto.

6.7. Contracts

Every Contract to which Confiz is a party shall have effect as of the Effective Date as if:

- (i) Systems had been a party thereto instead of Confiz; and
- (ii) Any reference (however worded and whether express or implied) to Confiz therein shall stand substituted, with respect to anything to be done as of the Effective Date, to a reference to Systems.

6.8. Bank Accounts

Any and all account(s) maintained by Confiz with any bank and / or financial institution shall, as of the Effective Date, become account(s) between Systems and such bank and / or financial institution, subject to the same conditions and incidents as therefore; provided that nothing herein shall affect any right of Systems to vary the conditions or incidents subject to which any account is kept.



6.9. Instructions

Any existing instruction, order, direction, mandate, power of attorney, authority, undertaking or consent given to, or by, Confiz in writing shall have effect, as of the Effective Date, as if given to, or by, Systems.

6.10. Negotiable Instruments

Any negotiable instrument or order for payment of money drawn on or given to, or accepted or endorsed by Confiz, or payable at any place of business of Confiz, whether so drawn, given, accepted or endorsed immediately before the Effective Date, shall have the same effect as of the Effective Date, as if it had been drawn on, or given to, or accepted or endorsed by Systems, or were payable at any place of business of Systems.

6.11. Custody of Documents

The custody of any document, record or goods held by Confiz as bailee and duly recorded in their books that pass to Confiz under any Contract of bailment relating to any such document, record or goods shall, with effect from the Effective Date, become rights and obligations of Systems.

6.12. Securities:

- (i) Any Security held immediately before the Effective Date by Confiz or by a nominee or agent of or trustee for Confiz, as security for the payment or discharge of any liability or obligation of a Customer shall, as of the Effective Date, be held by, or, as the case may require, by that nominee, agent or trustee for Systems and be available to Systems (whether for its own benefit or, as the case may be, for the benefit of any other person) as security for the payment or discharge of that liability or obligation.
- (ii) In relation to any Security vested in Systems, pursuant to and / or in accordance with the provisions of this Scheme, including pursuant to the foregoing provision, and any liabilities and obligations thereby secured, Systems shall be entitled to the rights and priorities to which Confiz would have been entitled if they had continued to hold the Security.
- (iii) Any Security referred to in the foregoing provisions of this paragraph which extends to future advances or liabilities shall, as of the Effective Date, be available to Systems (whether for its own benefit or, as the case may be, for the benefit of any other person) as security for the payment or discharge of future advances and future liabilities to the same extent and in the same manner in all respects as future advances or liabilities to Confiz or, as the case may be, Systems, were secured thereby immediately before that time.
- (iv) All Securities of any nature (whether legal or equitable) granted / created by Confiz in favour of its secured creditors, if any, and unless the same have been vacated prior to the Effective Date, will continue to remain operative and effective as Securities in the manner detailed below. In this respect, upon the Amalgamation:
 - (a) the *pari passu* Security holders of Confiz, holding Securities over the present and future Assets (excluding land and building), or any part or class thereof,

of Confiz, shall rank *pari passu* with the *pari passu* Security holders of Systems, if any, having Securities over the same (class of) combined present and future Assets (excluding land and building) of Systems;

- (b) the ranking Security holders of Confiz, having ranking charges / Securities over the present and future Assets (excluding land and building), or any part or class thereof, of Confiz, shall continue to be treated as ranking charges / Securities over the combined Assets (or same class thereof) of Systems. The ranking of such charges / Securities, along with the ranking of Securities created by Systems in favour of its creditors, if any, shall be organized and determined, based on the date on which the same were registered with the Securities and Exchange Commission of Pakistan, irrespective of which company had created the same;
- (c) any mortgage over an immovable property of Confiz, granted in favour of a creditor of Confiz, if any, shall continue to remain as is (i.e. over such immovable property which stands transferred to and vested in Systems upon the Amalgamation);
- (d) any mortgage over an immovable property of Systems, granted in favour of a creditor of Systems, if any, shall continue to remain as is; and
- (e) any first exclusive charge or Security interest granted to a creditor of Confiz, by Confiz, over specific assets of Confiz, if any, will continue to remain and retain its priority over such specific Assets (which stand merged with and into Systems upon the Amalgamation), notwithstanding the time of creation and registration of any other charge / Security.

6.13. Legal Proceedings

Where by virtue of this Scheme any right, Claim or Liability of Confiz becomes a right, Claim or Liability of Systems as of the Effective Date, Systems shall have the same rights, claims, powers and remedies (and in particular the same rights, Claims and powers as to taking or resisting legal proceedings or making or resisting applications to any authority) for ascertaining, perfecting or enforcing that right, Claim or Liability as if it had at all times been a right, Claim or Liability of Systems, and any legal proceedings or application to any authority existing or pending immediately before the Effective Date by or against Confiz may be continued by or against Systems.

6.14. Judgments

Any judgment, decree, order (final or interim) or award obtained by or against Confiz, and not fully satisfied before the Effective Date shall at that time, to the extent to which it is enforceable and has not been fully satisfied by or against Confiz, become enforceable and be satisfied, to the extent not already satisfied, by or against Systems.

6.15. Evidence

All books and other documents which would, before the Effective Date, have been evidenced in respect of any matter, for or against Confiz, shall be admissible in evidence in respect of the same matter for or against Systems.



6.16. **Authorizations**

Any authorizations / powers of attorney granted by Confiz to any persons with respect to the undertaking / business / operations / Assets etc. of Confiz shall continue to subsist subsequent to the Amalgamation and shall be deemed to be authorizations / powers of attorney granted by Systems to such persons, until or unless otherwise revoked or modified by Systems.

6.17. **Clarification**

The provisions contained in Articles 6.2 to 6.16 are without prejudice to the generality of any other provisions in this Scheme, but subject to any provisions in this Scheme to the contrary effect.

ARTICLE 7

CERTAIN OBLIGATIONS AND REPRESENTATIONS

- 7.1. Upon the Amalgamation, Systems shall take all necessary and expedient steps to properly and efficiently manage its entire business and affairs and shall operate and promote its entire business and affairs in the normal course (to the extent applicable).
- 7.2. As of the Completion Date, but with effect from the Effective Date, Systems shall undertake, pay, satisfy, discharge, perform and fulfil the Liabilities and Obligations, Contracts, engagements and commitments whatsoever of Confiz.

ARTICLE 8

THE SCHEME'S EFFECT

- 8.1. The provisions of this Scheme shall be effective and binding by operation of law and shall become effective in terms of Article 3.
- 8.2. The execution and / or sanction of this Scheme, and the implementation of the Amalgamation, shall not: (i) constitute any assignment, transfer, devolution, conveyance, alienation, parting with possession, or other disposition under any law for the time being in force (including tax laws); (ii) give rise to any forfeiture; (iii) invalidate or discharge any Contract or Security; (iv) give rise to any right of first refusal or pre-emptive right that any person may have in respect of any investment made by such person in Systems and / or Confiz; and / or (v) constitute a contractual transfer, but a vesting by operation of law.
- 8.3. Upon the sanction of this Scheme, the terms of this Scheme shall be binding on Systems and Confiz, and also on all the respective shareholders / members of Systems and Confiz, the Customers of each of Systems and Confiz, the creditors of each of the companies (to the extent applicable), and on any other person having any right or liability in relation to either of them.
- 8.4. On the Completion Date, and with effect from the Effective Date, this Scheme will override the constitution / constitutive documents of each of Systems and Confiz in case of any inconsistency, only to the extent of such inconsistency.



ARTICLE 9

CONSIDERATION FOR THE AMALGAMATION AND RELATED MATTERS

- 9.1. As consideration for the Amalgamation, Systems shall allot and issue an aggregate of 57,578,420 (Fifty Seven Million Five Hundred Seventy Eight Thousand) Systems Shares to the Confiz Shareholders, credited as fully paid up, at par, on the basis of a swap ratio of approximately 0.9975 Systems Shares for every 1 (one) ordinary share of Confiz, of the face value of PKR 10/- (Pak Rupees Ten) each, held by each Confiz Shareholder (the "Swap Ratio"). All entitlements resulting in fractions less than a Systems Share shall be consolidated into whole Systems Shares which shall, save as otherwise agreed between the respective Board of Directors of Systems and Confiz, be allotted in favour of the company secretary (or such person authorised by the Board of Directors of System) of Systems upon trust to sell such shares on PSX at such time or times and at such price or prices and to such person, as the company secretary (or such person authorised by the Board of Directors of System) deems fit, but not later than a period of 30 (thirty) days from the date of issuance of such shares. The company secretary (or such person authorised by the Board of Directors of System) shall distribute the net proceeds, subject to tax deductions and other expenses as applicable, to the Confiz Shareholders who are entitled to fractions in proportion to their respective fractional entitlements. All entitlements of the Confiz Shareholders shall be determined in the proportion aforesaid.
- 9.2. The Swap Ratio has been determined and approved by the respective Board of Directors of Systems and Confiz, as per the arrangement envisaged by the managements of the respective companies, after taking into account and having considered the valuations stipulated in the Swap Letter, along with the corresponding share swap range detailed therein. The fair value assessment of the companies, as detailed in the Swap Letter, has been performed under the income based approach and market multiples based approach, with the valuation cut-off as of November 30, 2025, based, *inter alia*, on the management accounts of the respective companies for the period ended November 30, 2025, the financial projections of the companies up till the year ended December 30, 2030, and other related information, including the assumptions and representation provided by the companies. The draft Swap Letter has been adopted by the respective Board of Directors of each of Systems and Confiz.
- 9.3. Promptly after the Completion Date, at least 7 (seven) days' notice shall be given to the members of Confiz, by Confiz, specifying the Record Date (being the final book closure date) in order to determine the identities of the Confiz Shareholders and their entitlements to the Systems Shares. Such notice shall also specify the date by which the Confiz Shareholders shall deliver to Confiz, for cancellation, all the share certificates representing ordinary shares in Confiz held by them and such share certificates shall be delivered to Confiz on or before that date.
- 9.4. Confiz shall, within 2 (two) days of the Record Date, provide Systems with the list of the Confiz Shareholders along with details of their respective entitlements (based on the Swap Ratio) and CDC accounts / sub-accounts.
- 9.5. The share certificates delivered / to be delivered by the Confiz Shareholders in accordance with Article 9.3 shall stand cancelled (whether or not the same have been surrendered to Confiz by the prescribed date) and the Confiz Shareholders shall be entitled to CDC book-



entries representing the number of fully paid up Systems Shares to which the respective Confiz Shareholder is entitled to in accordance with the provisions of this Scheme.

- 9.6. The allotment of the Systems Shares to the Confiz Shareholders (in accordance with the provisions of this Article 9) shall be made by Systems as soon as possible, but no later than 15 (fifteen) days from the date notified above. Thereafter, as soon as possible, but no later than 15 (fifteen) days from the date of allotment, Systems shall (cause CDC to) credit the respective CDC accounts / sub-accounts of the Confiz Shareholders with book entries relating to the corresponding number of Systems Shares which the relevant Confiz Shareholder is entitled to in accordance with this Article 9. Such allotment shall be carried out in accordance with the rules and regulations of the CDC.
- 9.7. The Systems Shares, allotted and issued to the Confiz Shareholders in accordance with the provisions of this Scheme, shall, in all respect, rank *pari passu* with the ordinary shares of Systems and shall be entitled to all dividends declared by Systems after the Completion Date.
- 9.8. Systems Shares issued in accordance with Article 9 shall initially be recorded in the books of account of Systems at cost. Any amount in excess of the par value of the share capital being issued by Systems shall be credited / recorded as a reserve, including as a "Reserve arising under the Scheme" / "Merger Reserve" or otherwise in accordance with applicable accounting standards, taking into account (and adjusting for) the carrying values of the net assets that shall vest in Systems as a consequence of the Amalgamation. Systems Shares issued under this Scheme shall be deemed to have been held from the date on which the corresponding shares in Confiz were originally acquired by the Confiz Shareholders, with the same cost basis and holding period of the original Confiz shares.
- 9.9. For the purposes of the Amalgamation, and as per the arrangement envisaged between the parties, the anchor valuation of Confiz is based, *inter alia*, on a benchmark quantum of revenue, profit and Assets (including cash and value of fixed assets), Liabilities and Obligations (including provisioning) that shall comprise the undertaking of Confiz immediately prior to the Effective Date. Consequently, before the Completion Date, based on the financial position of Confiz (as mutually determined by the companies), any surplus / excess cash over the agreed benchmark shall be the entitlement of the members of Confiz, who shall be permitted and authorized to withdraw the same in the form of dividend (subject to the existence of distributable reserves). Conversely, in the event of any shortfall, Systems shall be entitled to receive necessary funds from the relevant members of Confiz on the terms agreed.
- 9.10. Upon the allotment of the Systems Shares in favour of the Confiz Shareholders, and the withdrawal of excess cash (if any) prior to the Completion Date, in accordance with the provisions of this Scheme, the entitlements of the Confiz Shareholders as consideration for the Amalgamation under this Scheme shall stand satisfied, and they shall have no further claims towards or rights against Systems in relation to the same.
- 9.11. Subject to the sanction of this Scheme by the Court, Confiz shall, without winding up, stand dissolved from the date on which all the Systems Shares, to be allotted by Systems to the Confiz Shareholders as prescribed above, have been so allotted.

ARTICLE 10

EMPLOYEES

- 10.1. On and from the Completion Date, but with effect from the Effective Date, all permanent officers and employees (including workmen) of Confiz shall become the employees of Systems (in lieu of their employment with Confiz) at the same levels of remuneration and benefits and terms and conditions of service, for the time being, which they were receiving or, as the case may be, by which they were governed immediately before the Completion Date, including those relating to entitlements and benefits arising upon termination of services, on the basis of continuation of service (which shall be taken into account for the purposes of all benefits to which such employees may be eligible, including for the purpose of provident and other terminal benefits), except where (i) otherwise negotiated with the relevant employee; or (ii) the employment of any such person(s) is terminated for any reason (including pursuant to resignation or otherwise) before the Completion Date.
- 10.2. On and from the Completion Date, and as a consequence of the Amalgamation, all amounts / funds (including in the nature of monies, investments or otherwise) in Confiz's Employees Contributory Provident Fund (the "Provident Fund"), held by the trustees thereof, including amounts standing to the credit of the Provident Fund (and / or entries pertaining to the Provident Fund) on the Completion Date, for the benefit of Confiz's eligible employees who are members and beneficiaries of the Provident Fund, shall be transferred from such fund and vest in the trustees of a similar fund established by Systems for the benefit of its employees. Systems and the trustees of the Provident Fund shall take necessary steps, including making necessary arrangements and entering into agreements (if required) for the purposes of the above. Thereafter, the provisions of Systems' fund and rules framed thereunder shall govern such arrangement with respect to all of Systems' eligible employees (including Confiz's relevant employees who shall become Systems' employees pursuant to Article 10.1).

ARTICLE 11

GENERAL

11.1. Modifications by the Court

This Scheme shall be subject to such modification of conditions, as the Court may deem expedient to impose. The Board of Directors of Systems and Confiz respectively may consent to any modifications or additions to this Scheme or to any conditions which the Court may think fit. In case of any difficulty in implementation of any aspect of this Scheme, clarifications, directions and / or approval may be obtained from the Court. Notwithstanding the above, in the event that the terms of this Scheme are not approved by the members and / or creditors of Systems and / or Confiz (as applicable) in its entirety and / or the Scheme, as approved by the respective companies, is modified by the Court, or otherwise, the Board of Directors of Systems and / or Confiz shall be entitled to withdraw this Scheme (whether or not approval from the members and creditors of the respective companies has been obtained).

11.2. Severability

If any provision of this Scheme is found to be unlawful and unenforceable by a competent court of law, then to the fullest extent possible, all of the remaining provisions of the Scheme shall remain in full force and effect.

11.3. Costs and expenses

Unless otherwise agreed, all costs, charges and expenses in respect of the preparation of this Scheme and carrying the same into effect shall be borne equally by Systems and Confiz. Subsequent to the sanction of this Scheme, costs, charges and expenses, including for the implementation of the Amalgamation and the arrangements hereunder, shall be borne by Systems (being the surviving company).

11.4. Implementation of this Scheme

The respective Board of Directors of Systems and Confiz, to the extent applicable, are hereby authorized and empowered to take all necessary steps and execute all documents, as they may consider necessary, expedient or appropriate, to give effect to the provisions of this Scheme and for the implementation hereof, including to delegate any powers from time to time.

Lahore.
Dated: 20th January, 2026.



For and on behalf of
SYSTEMS LIMITED



Name: FAYEZ DAMAR RASHEED

Designation: HEAD OF LEGAL & COMPANY SECRETARY



For and on behalf of
CONFIZ LIMITED

Confiz Limited

Name: MUHAMMAD RAZA SAEED

Designation: Director

Confiz Limited



LIST OF ANNEXURES

"Annexure A" – List of current members of Board of Directors of Systems.

"Annexure B" – List of current members of Board of Directors of Confiz.

"Annexure C" – Swap Letter dated December 30, 2025, issued by BDO Ebrahim & Co. Chartered Accountants .



ANNEXURE B

LIST OF CURRENT MEMBERS OF THE BOARD OF DIRECTORS OF CONFIZ LIMITED

Mr. Kashif Manzoor

Mr. Zartash Afzal Uzmi

Mr. Muhammad Raza Saeed

Mr. Hashim Zulfiqar Ali

Mr. Nazir Ahmad Saeed



MRS
Confiz Limited

December 30, 2025

Ref: BDO/ADV/2686/2026

The Board of Directors
Systems Limited
E-1, Sehjpal Road,
Near DHA Phase-VIII,
Lahore Cantt, Lahore.

The Board of Directors
Confiz Limited
Plot No. 13-14, Civic Centre,
Township, Lahore

Dear Sir(s) / Madam(s),

Proposed Scheme of Arrangement involving Confiz Limited (Confiz) and Systems Limited (SYS) - Computation of Swap Ratio

With reference to our engagement letter No. F-07/Advisory-2592/25 dated December 12, 2025, we have been engaged Systems Limited ("SYS") to assist in the fair value assessment and computation of a share swap ratio for the proposed arrangement involving SYS and Confiz, under the terms of a Scheme of Arrangement (SoA) under Sections 279-283 and 285(8) of the Companies Act 2017.

1. About the Companies:

- 1.1 SYS, is a public company limited by shares, existing in Pakistan under the Companies Act, 2017 and is listed on the Pakistan Stock Exchange. The company is principally engaged in the business of software development, trading of software, and business process outsourcing services. The registered office of the company is situated at E-1, Sehjpal Road, Near DHA Phase-VIII (Ex-Air Avenue), Lahore Cantt., Lahore (Source: Third Quarter Report September 2025).
- 1.2 Confiz Limited ("Confiz") a public company limited by shares, incorporated and existing under the laws of Pakistan and having its registered office at Plot No. 13-14, Civic Centre, Township, Lahore. It focuses on delivering enterprise solutions, digital commerce platforms, and data analytics services to clients across North America, Europe, and the Middle East. Established in 2005, Confiz has grown into a recognized IT exporter with a delivery base in Pakistan and regional offices abroad.

The Confiz Group includes, Confiz Limited, Confiz LLC, Confiz Inc., Consultfiz Latam, Confiz DMCC, Confiz Solutions Information Technology, Leanbricks (Private) Limited and Confiz Digital Solutions. (Source: Audited Accounts: June 30, 2025).

2. About the Transaction/Scheme:

- 2.1 We understand that SYS and Confiz intend to enter into a Scheme of Arrangement in terms of which the entire undertaking of Confiz shall stand merged, by way of amalgamation, with

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and into SYS, by vesting all the assets, liabilities and obligations of Confiz in SYS, against the issuance of ordinary shares of SYS to the shareholders of Confiz.

- 2.2 Based on the draft SoA shared with us, the entire undertaking, comprising all the Assets, Liabilities and Obligations, of Confiz shall, as at the Effective Date, stand merged with, transferred to, vested in, and be assumed by SYS.
 - 2.3 Upon the merger and transfer of the entire undertaking (including all the Assets, Liabilities and Obligations) of Confiz in the manner prescribed under this Scheme, Confiz shall be dissolved without winding up.
 - 2.4 As a consequence of the Amalgamation, the existing shareholding of Confiz in the Confiz Group would also stand vested in SYS; consequently, the subsidiaries and associated concerns of Confiz would become subsidiaries and associated concerns (as applicable) of SYS.
 - 2.5 In consideration of the same, ordinary shares of SYS shall be issued in favour of the shareholders of Confiz based on the swap ratio. The SoA shall be subject to sanction by the Lahore High Court in accordance with Sections 279 to 283 and 285(8) of the Companies Act, 2017.
 - 2.6 Upon the sanction of this Scheme, the authorized share capital of Confiz shall be merged and combined with the authorized share capital of SYS. Resultantly, as a consequence of the above, the authorized share capital of SYS shall thus stand enhanced to PKR 5,000,000,000/- (Pak Rupees Five Billion), divided into 2,500,000,000 (Two Billion Five Hundred Million) ordinary shares of PKR 2/- (Pak Rupees Two) each.
 - 2.7 In addition to the normal computation of share swap ratio - i.e. the number of shares that SYS will issue to the shareholders of Confiz under the SoA, the parties have also agreed to the following commercial arrangement to form part of the transaction:
 - 2.7.1 The Valuation cut-off date is November 30, 2025.
 - 2.7.2 This transaction envisages the vesting of Confiz into SYS including, but not limited to, its assets comprising the issued shares (owned by it) of each entity of the Confiz Group, including any equity instruments or quasi equity together with management control (to the extent applicable), as per the proposed transaction structure.
 - 2.7.3 The SoA is envisaged to be effective from the start of business at 00:00 hours on January 1, 2026 (the 'effective date'), or such other date as may be stated by the Honourable Lahore High Court.
- 3. Shareholding information:**
- 3.1 Confiz Limited ("Confiz")**
- 3.1.1 Shareholding structure as at cut-off date**
- The Authorized Share Capital of Confiz is PKR 1,000,000,000/- (Pak Rupees One Billion), divided into 100,000,000 (Hundred Million) ordinary shares of PKR 10/- (Pak Rupees Ten) each.

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out of which 55,084,030 (Fifty-Five Million, Eighty-Four Thousand and Thirty) ordinary shares have been issued as fully subscribed to and paid up as at November 30, 2025.

3.1.2 Shareholding Structure

- The shareholding structure of Confiz as at cut-off date is attached as Annexure I of this Letter.

3.2 Systems Limited (SYS)

3.2.1 Shareholding structure as at cut-off date

The authorized share capital of SYS is PKR 4,000,000,000/- (Pak Rupees Four Billion), divided into 2,000,000,000 (Two Billion) ordinary shares of PKR 2/- (Pak Rupees 2) each, out of which 1,472,880,685 (One Billion, Four Hundred Seventy Two Million, Eight Hundred Eighty Thousand, Six Hundred Eighty Five) ordinary shares have been issued as fully subscribed to and paid up as at November 30, 2025.

3.2.3 Shareholding Structure

- The shareholding structure of SYS as at cut-off date is attached as Annexure I of this Letter.

4. Fair Value Assessment and Share Swap

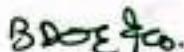
4.1 We have performed the fair value assessment of SYS and Confiz based on internationally accepted valuation approaches. The valuation has been performed on the valuation cut-off date of November 30, 2025.

4.2 The fair value assessment has been performed under the following approaches:

- Income Based Approach
- Market Based Approach
- Asset-based valuation approach was not considered appropriate for SYS and Confiz as both are knowledge-driven IT services companies where the primary value drivers are future earnings, human capital, client relationships, and intangible capabilities that are not reflected on the balance sheet. Given that both entities are profitable going concerns, and the purpose of the valuation is to determine the range of the fair value per share of the respective companies, and the corresponding swap ratio, the income-based and market-based valuation approaches provide a more reliable and economically meaningful measure of value.

4.3 Income Based Approach - Discounted cash flow valuation

The discounted cash flow valuation has been derived based on the business plan information as shared by both the parties (also covered under specific representation), including financial projections up till the year ending December 30, 2030, along with the management representation letters from the respective companies. For comparison purposes, the valuation cut-off date, as approved by the Boards of Directors of both parties, is November 30, 2025.



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Further, we were provided other information and explanations as and when required. We have not conducted any verification of the financial projections, and related information provided to us.

4.4 Market valuation

The market valuation has been derived by using multiples derived from the financial data of comparable companies for Confiz and SYS. Multiples considered are:

- i. Price to Earnings (P/E)
- ii. Price to Sales (P/S)

5. Valuation Results and Swap Computation Range

The number of issued shares of each company (i.e. the issued and paid up share capital of each of SYS and Confiz) as at the valuation cut-off date differs from the issued shares as at the date of this letter due to the issuance of shares of the respective companies to the respective employees under the respective Employee Stock Option Scheme (ESOS) of that company.

Accordingly, the swap ratio has been computed under both scenarios (i.e. based on the share positions as at (i) the valuation cut-off date; and (ii) the date of this letter.

5.1 Scenario I - Number of Shares Issued as at Valuation cut-off date

As at the valuation cut-off date, the number of issued, subscribed and paid up shares of (i) SYS is 1,472,880,685; and (ii) Confiz is 55,084,030.

5.1.1 Valuation - Income Based Approach - Discounted Cash Flows

Valuation under the Income based approach for SYS and Confiz.

Value of SYS as of November 30, 2025 under the Income Based Approach has been worked out at PKR 177.85 billion, and PKR 7.56 billion for Confiz.

Approach/ Method	Valuation (PKR Billion)		Per Share Price (PKR)		Swap Ratio	Number of shares of SYS to be issued
	SYS	Confiz	SYS	Confiz		
Number of shares			1,472,880,685	55,084,030		
Income Based Approach	177.85	7.56	120.75	137.21	1.14	62,795,794

5.1.2 Valuation - Market Based Approach - Multiples

Market based approach considers the valuation under the multiples, considering Price to Sales and Price to Earnings multiples.

Valuation of SYS under multiples has been worked out to be PKR 207.29 billion, and PKR 8.08 billion for Confiz.

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Approach/ Method	Valuation (PKR Billion)		Per Share Price (PKR)		Swap Ratio	Number of shares of SYS to be issued
	SYS	Confiz	SYS	Confiz		
Number of shares			1,472,880,685	55,084,030		
Market Multiples Based Approach	207.29	8.08	140.74	146.78	1.04	57,287,391

5.2 Scenario II - Number of Shares Issued - Post Valuation Cut-off Date:

Subsequent to the valuation cut-off date, and up to the date of this letter, SYS and Confiz have issued *523,750 and *2,639,384 ordinary shares respectively, under their respective ESOS. The total issued number of shares of SYS and Confiz are 1,473,404,435 and 57,723,414, respectively. The shareholding structures post the valuation cut-off date for SYS and Confiz is provided in Annexure II.

*Form 3 for SYS and Confiz in respect of this issuance is yet to be filed as of the date of this letter.

Based on the above number of shares, the per share valuation and swap ratios are as follows:

5.2.1 Valuation - Income Based Approach - Discounted Cash Flows

Valuation under the income based approach for SYS and Confiz.

Value of SYS as of November 30, 2025 under the Income Based Approach has been worked out at PKR 177.85 billion, and PKR 7.56 billion for Confiz.

Approach/ Method	Valuation (PKR Billion)		Per Share Price (PKR)		Swap Ratio	Number of shares of SYS to be issued
	SYS	Confiz	SYS	Confiz		
Number of shares			1,473,404,435	57,723,414		
Income Based Approach	177.85	7.56	120.707	130.934	1.08	62,341,287

5.2.2 Valuation - Market Based Approach - Multiples

Market based approach considers the valuation under the multiples, considering Price to Sales and Price to Earnings multiples.

Valuation of SYS under multiples has been worked out to be PKR 207.29 billion, and PKR 8.08 billion for Confiz.

Approach/ Method	Valuation (PKR Billion)		Per Share Price (PKR)		Swap Ratio	Number of shares of SYS to be issued
	SYS	Confiz	SYS	Confiz		
Number of shares			1,473,404,435	57,723,414		
Market Multiples Based Approach	207.29	8.08	140.690	140.064	1.00	57,723,414

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6. Recommendation:

- 6.1 Based on the valuations mentioned above, the respective Board of Directors of Confiz and SYS may consider the following calculations to determine an appropriate swap ratio for the merger transaction.

6.1.1 Share Swap Ratio Range - Considering number of issued shares as at the cut-off date

	SYS PKR/Share	Confiz PKR/Share	Swap Ratio	Number of shares of SYS to be issued
Income Based Approach	120.75	137.21	1.14	62,795,794
Market Multiples	140.74	146.78	1.04	57,287,391

The swap ratio, based on the number of shares issued as at the cut-off date, has been computed in the range of 1.04 to 1.14, i.e. under these valuations SYS may issue shares in the range of 1.04 to 1.14 shares for each share of Confiz. The average of the methods used is 1.09.

6.1.2 Share Swap Ratio Range - Considering number of issued shares post valuation cut-off date

	SYS PKR/Share	Confiz PKR/Share	Swap Ratio	Number of shares of SYS to be issued
Income Based Approach	120.707	130.934	1.08	62,341,287
Market Multiples	140.690	140.064	1.00	57,723,414

The swap ratio, based on the number of shares issued post valuation cut-off date, has been computed in the range of 1.00 to 1.08, i.e. under these valuations, SYS may issue shares in the range of 1.00 to 1.08 share(s) for each share of Confiz. The average of the methods used is 1.04.

- 6.2 The above is to assist the respective Boards of Confiz and SYS in forming a view on the swap ratio; the decision with respect to the appropriate share swap ratio shall rest with the respective Board of Directors and shareholders of Confiz and SYS.

7. Limitations and Caveats

- 7.1 Valuation is not a precise science, it is subjective and requires the application of experience and judgment to given facts to arrive at a conclusion. There is no single answer there are reasoned and reasonable values. Hence, the actual results and accordingly the valuation are likely to be different than projected since anticipated events do not occur as expected and the variation could be material.
- 7.2 The valuation is based on the prospective financial statements. Some hypothetical assumptions or projections inevitably will not materialize and unanticipated events and circumstances may occur during the forecast period. These could include major changes in the economic conditions; significant increases or decreases in current interest rates and/or terms or availability of financing altogether; and/or major revisions in current state and/or federal tax or regulatory laws. Therefore, the actual results achieved during the projected

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period and investor requirements relative to anticipated annual returns and overall yields could vary from the projection. Thus, variations could be material and may have an impact on the value conclusions stated herein.

- 7.3 The valuation set out in this letter is based on the management accounts provided to us as of the cut-off date of November 30, 2025. Any events, developments, or changes occurring between the valuation date (November 30, 2025) and the effective date of the transaction, or any agreements entered into between the parties during this period, may have an impact on the valuation of the respective companies, however, our work has been completed up to the date of this letter.
- 7.4 We have not carried out financial, accounting, tax, legal, or commercial due diligence of SYS and Confiz, as this was not part of our scope of work. We assume that the parties have carried out due diligence as deemed fit.
- 7.5 The comparables used in this analysis are based on available market data and industry benchmarks. However, these comparables may not fully reflect the Clients' unique circumstances, business model, or financial position. As such, the relevance and applicability of these comparables should be considered with caution, and any conclusions drawn should not be relied upon as a definitive representation of the Clients' specific situation.
- 7.6 Our role is limited to providing an objective and independent valuation and swap ratio analysis, with no involvement in any negotiations or advocacy on behalf of SYS or Confiz. This limitation reinforces our neutrality and independence in the advisory process. Also, the potential commercial benefits and strategic value of the transaction, along with any associated legal risks or contingencies, were neither analysed nor evaluated, as these were not part of our scope of work.
- 7.7 Other factors not discussed or referred to in this letter should also be considered in evaluating the merits of the proposed transaction including its execution methodology, commercial aspects, market penetration, tax and related accounting implications.
- 7.8 Distribution of this letter is restricted to those parties that have agreed on the procedures to be performed with us and other intended users identified in the terms of the engagement letter, provided that the same may be submitted by the parties to their shareholders, the Court and any regulators / authorities / bodies for the purposes of the SoA and the consideration, approval and implementation thereof.
- 7.9 In case of any action, claim, loss or damage arising out of this engagement, you agree that our liability will be for our proportionate share of the total liability based on degree of fault. In no event shall our liability whether the claim be in tort, contract, or otherwise, be for an amount in excess of the professional fees paid by you to us for this engagement to which these terms and conditions apply.
- 7.10 In no event shall we be liable to you, whether a claim be in tort, contract, or otherwise for any consequential, indirect, loss of profit or similar damages, or failure to realize expected savings, relating to our services provided under this engagement letter or contract to which these terms and conditions apply.

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This letter is being issued without prejudice and subject to the limitations and disclaimers outlined in our engagement letter reference F-07/Advisory-2592/25 dated December 12, 2025.

We would like to thank you for the courtesy and cooperation extended to us during the course of our engagement.

Yours truly,

BDO Ebrahim & Co.
BDO Ebrahim & Co.,
Chartered Accountants

Encl: Annexures

BDO Ebrahim & Co. Chartered Accountants

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A. Shareholding Structure as at Cut-off Date**1. Systems Limited**

Name of Shareholder	Number of shares	Holding %age
Muhammad Arshad Masood	191,765,400	13.02%
Muhammad Asif Peer	103,733,085	7.04%
Aezaz Hussain Irrv Grantor Trust	86,880,930	5.90%
Salma Hamayun Mian	62,821,860	4.27%
IGI Investments (Pvt.) Ltd.	50,675,190	3.44%
Manzurul Haq	48,011,427	3.26%
Aezaz Hussain	43,531,795	2.96%
Neelam Hussain	44,117,875	3.00%
Tundra Sustainable Frontier Fund	43,302,860	2.94%
Others (general public, institutional investors, employees, ex-employees)	798,040,263	54.18%
Grand Total	1,472,880,685	100.00%

2. Confiz Limited**a. Shareholding Structure**

Name of Shareholder	Holding %age
Mr. M. Raza Saeed	42.95%
Arshia Zartash	22.31%
Others	34.74%
	100.00%

b. Shares Classification

Name of Shareholder	Shares
Ordinary Shares	5,961,069
Bonus Shares	42,580,823
Shares issued under scheme of amalgamation	447,216
Shares issued under employee stock option scheme	6,094,922
Total Shares	55,084,030

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B. Shareholding Structure Post Cut-off date**1. Systems Limited**

Name of Shareholder	Number of shares	Holding %age
Muhammad Arshad Masood	191,765,400	13.02%
Muhammad Asif Peer	103,733,085	7.04%
Aezaz Hussain Irrv Grantor Trust	86,880,930	5.90%
Salma Hamayun Mian	62,821,860	4.26%
IGI Investments (Pvt.) Ltd.	50,675,190	3.44%
Manzurul Haq	48,011,427	3.26%
Aezaz Hussain	43,531,795	2.95%
Neelam Hussain	44,117,875	2.99%
Tundra Sustainable Frontier Fund	43,302,860	2.94%
Others (general public, institutional investors, employees, ex-employees)	798,564,013	54.20%
Grand Total	1,473,404,435	100.00%

2. Confiz Limited**a. Shareholding Structure**

Name of Shareholder	Holding %age
Mr. M. Raza Saeed	41.12%
Arshia Zartash	21.33%
Others	37.55%
	100.00%

b. Shares Classification

Name of Shareholder	Shares
Ordinary Shares	5,961,069
Bonus Shares	42,580,823
Shares issued under scheme of amalgamation	447,216
Shares issued under employee stock option scheme	8,734,306
Total Shares	57,723,414

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SYSTEMS LIMITED
AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2025

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SYSTEMS LIMITED
REPORT ON THE AUDIT OF
UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Opinion

We have audited the unconsolidated interim financial statements of Systems Limited (the Company), which comprise the unconsolidated interim statement of financial position as at September 30, 2025, and the unconsolidated interim statement of profit or loss, the unconsolidated interim statement of comprehensive income, the unconsolidated interim statement of changes in equity, the unconsolidated interim statement of cash flows for the period of nine months then ended, and notes comprising material accounting policy information and other explanatory information.

In our opinion, the accompanying unconsolidated interim financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2025, and its financial performance and its cash flows for the nine months period then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the unconsolidated interim financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

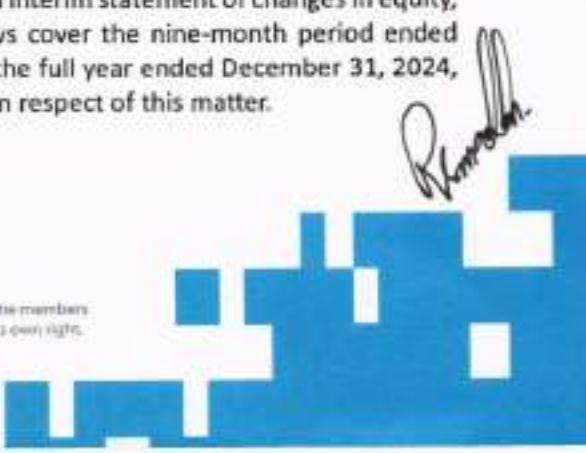
Emphasis of Matters

(i) Basis of accounting and restriction on its use

We draw attention to Note 1.2 to the unconsolidated interim financial statements, which describes the basis of accounting. These unconsolidated interim financial statements have been prepared for the specific purpose of submission to the Honorable Lahore High Court in connection with a proposed business acquisition / merger transaction. Consequently, the distribution of these unconsolidated interim financial statements is restricted to this specific purpose and the parties directly involved in this matter. Our opinion is not modified in respect of this matter.

(ii) Corresponding figures

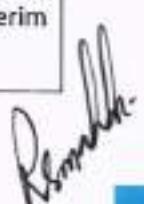
We draw attention to Note 2.1.2 to the unconsolidated interim financial statements, which describes that the unconsolidated interim statement of profit or loss, the unconsolidated interim statement of comprehensive income, the unconsolidated interim statement of changes in equity, and the unconsolidated interim statement of cash flows cover the nine-month period ended September 30, 2025. The comparative figures relate to the full year ended December 31, 2024, hence are not comparable. Our opinion is not modified in respect of this matter.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated interim financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated interim financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be key audit matters to be communicated in our report.

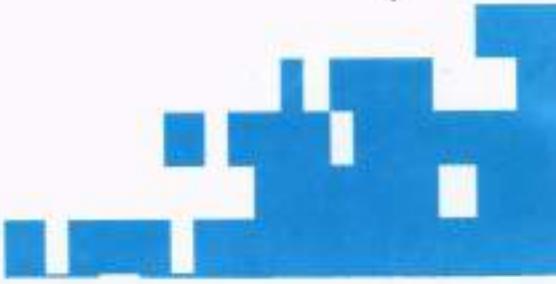
Sr. No.	Key Audit Matter	How the matter was addressed in our audit
1.	<p>Revenue recognition</p> <p>The Company's revenue is derived from multiple revenue streams, as referred to in Note 27 to the accompanying unconsolidated interim financial statements, including business processes outsourcing, IT services, software and hardware trading and software implementation. Each stream has its own revenue recognition policies based on the nature of revenue and underlying contractual arrangements as referred to in Note 4.8.</p> <p>We consider revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Company with multiple revenue streams, inherent risk of material misstatement and increase in revenue from last year.</p>	<p>Our audit procedures in relation to the matter, amongst others, included the following:</p> <ul style="list-style-type: none"> Checked and evaluated the accounting policies with respect to revenue recognition; Checked and evaluated internal controls over revenue recognition; Checked the contracts on sample basis to identify distinct performance obligations; Performed testing of sample of revenue transactions with underlying documentation including sales invoices and where relevant, underlying time costs, licensing agreements and other supporting documents; Tested on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the correct period; Agreed the revenue to related receipts on sample basis; and Assessed the adequacy of relevant disclosures in the unconsolidated interim financial statements.




2. Expected Credit Loss	<p>The Company's financial assets measured at amortized cost primarily include trade receivables, contract assets, loan, advances and other receivables as disclosed in Note 13, 14 and 15 respectively to the accompanying unconsolidated interim financial statements. The Company determines impairment using an expected credit loss model in accordance with IFRS 9, which requires management to apply significant judgment in assessing credit risk, estimating forward-looking information, determining probability-weighted outcomes, and evaluating the underlying provisioning methodology as disclosed in Note 3.2.3.</p> <p>We consider expected credit loss as a key audit matter due to involvement of significant management judgements, estimation uncertainty relating to macroeconomic overlays and default rates, and the material impact of ECL on the financial statements.</p>	<p>Our audit procedures in relation to the matter, amongst others, included the following:</p> <ul style="list-style-type: none"> • Checked and evaluated the accounting policies relating to expected credit loss; • Checked and evaluated internal controls over the ECL process, including credit risk assessment, data accuracy, and impairment model governance; • Evaluated the Company's segmentation of financial assets to assess whether similar credit risk characteristics have been appropriately grouped in accordance with IFRS 9; • Checked the reasonableness of key inputs and assumptions used by management including macroeconomic assumptions, overlays and significant judgments applied in the ECL computations; • Tested on a sample basis, the accuracy and completeness of the underlying data used in the ECL model including ageing analyses, customer-wise exposures, payment history and credit assessments; • Recalculated the expected credit loss on a sample basis to check its accuracy; • Evaluated the adequacy and completeness of relevant disclosures in the unconsolidated interim financial statements.
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Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

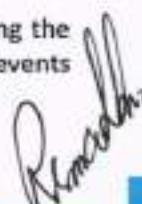
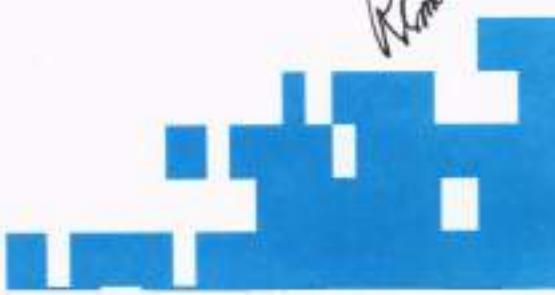
Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

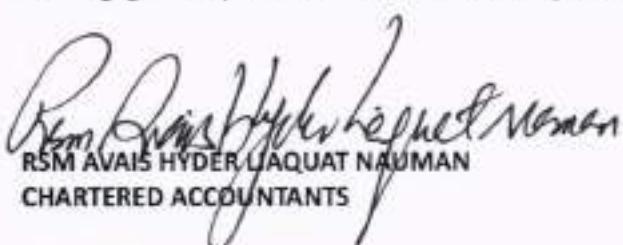
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting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

A handwritten signature in blue ink that reads "Brian D. Johnson".

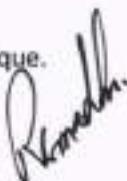
We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

The engagement partner on the audit resulting in this independent auditor's report is Inam ul Haque.



RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS



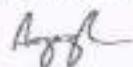
Place: Lahore

Date: 23 DEC 2025

SYSTEMS LIMITED
UNCONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2025

		September 30, 2025	December 31, 2024
	Note	Rupees	Rupees
ASSETS			
Non-current assets			
Property and equipment	6	3,407,074,953	3,402,587,183
Intangibles	7	166,981,755	109,615,749
Long term investments	8	8,299,784,908	8,218,812,981
Right-of-use assets	9	244,398,913	368,738,999
Long term loans	10	561,602,903	613,818,425
Deferred employee benefits	11	168,826,320	203,253,849
Long term deposits	12	50,902,013	74,061,160
		12,919,371,765	12,980,888,156
Current assets			
Contract assets	13	2,251,933,143	1,580,821,570
Trade debts	14	25,938,118,191	20,281,646,836
Loans, advances and other receivables	15	2,268,100,907	3,117,237,351
Current portion of deferred employee benefits	11	86,327,530	86,166,964
Trade deposits and short term prepayments	16	385,411,927	522,190,787
Income tax refunds due from the government		418,904,615	336,835,028
Short term investments	17	1,152,978,848	2,941,777,167
Derivative financial instruments		8,118,523	-
Cash and bank balances	18	3,457,172,687	1,489,699,594
		35,987,066,471	30,356,375,277
TOTAL ASSETS		48,886,438,238	43,337,263,433
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital	19	4,000,000,000	4,000,000,000
Issued, subscribed and paid-up share capital	19	2,938,884,989	2,929,861,489
Capital reserves	20	6,800,871,432	6,200,077,327
Revenue reserve: Unappropriated profit		27,993,570,769	23,753,597,914
		37,733,327,190	32,883,536,730
Non-current liabilities			
Lease liabilities	21	186,462,024	292,081,761
		186,462,024	292,081,761
Current liabilities			
Trade and other payables	22	8,476,621,229	7,527,762,895
Unclaimed dividend		38,226,414	30,322,411
Contract liabilities	23	668,932,272	1,148,780,424
Short term borrowings from financial institutions	24	1,620,059,388	1,279,799,247
Derivative financial instruments		-	1,461,010
Accrued mark-up on borrowings		12,479,892	9,395,836
Current portion of long term advances	25	5,695,687	5,171,459
Current portion of lease liabilities	21	144,634,160	158,971,560
		10,966,649,022	10,181,844,942
TOTAL EQUITY AND LIABILITIES		48,886,438,238	43,337,263,433
CONTINGENCIES AND COMMITMENTS	26		

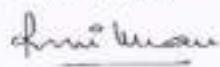
The annexed notes 1 to 45 form an integral part of these unconsolidated interim financial statements.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)

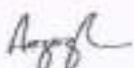


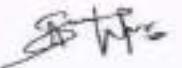
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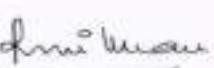
SYSTEMS LIMITED
UNCONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD OF NINE MONTHS ENDED SEPTEMBER 30, 2025

Note	For the period of nine months ended		For the year ended December 31, 2024
	September 30, 2025	Rupees	
		Rupees	
Revenue from contracts with customers - net	27	33,062,036,419	38,526,983,552
Cost of revenue	28	(24,231,709,503)	(28,965,694,998)
Gross profit		<u>8,830,326,916</u>	<u>9,561,288,554</u>
Selling and distribution expenses	29	(699,265,535)	(748,429,704)
Administrative expenses	30	(2,139,167,872)	(2,511,514,952)
Research and development expenditure	31	(94,405,289)	(97,792,250)
Impairment losses on financial assets	32	(324,916,858)	(605,195,928)
		<u>(3,257,755,554)</u>	<u>(3,962,932,834)</u>
Operating profit		<u>5,572,571,362</u>	<u>5,598,355,720</u>
Other income	33	893,627,188	1,038,497,833
Finance costs	34	(95,501,086)	(235,179,969)
Profit before levy and taxation		<u>6,370,697,464</u>	<u>6,401,673,584</u>
Levy	35.1	(336,772,735)	(187,366,105)
Profit for the period / year before taxation		<u>6,033,924,729</u>	<u>6,214,307,479</u>
Taxation	35.2	(35,254,975)	(99,010,303)
Profit for the period / year		<u>5,998,669,754</u>	<u>6,115,297,176</u>
Earnings per share			
-Basic	39.1	4.09	4.19
-Diluted	39.2	4.05	4.16

The annexed notes 1 to 45 form an integral part of these unconsolidated interim financial statements.


(CHAIRMAN)


(CHIEF EXECUTIVE OFFICER)

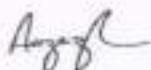

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SYSTEMS LIMITED

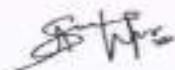
UNCONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD OF NINE MONTHS ENDED SEPTEMBER 30, 2025

	For the period of nine months ended September 30, 2025	For the year ended December 31, 2024
	Rupees	Rupees
Profit for the period / year	5,998,669,754	6,115,297,176
Other comprehensive income:	-	-
Total comprehensive income for the period / year	5,998,669,754	6,115,297,176

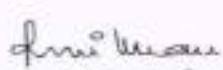
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(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)

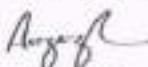


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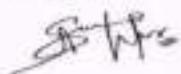
SYSTEMS LIMITED
UNCONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD OF NINE MONTHS ENDED SEPTEMBER 30, 2025

Issued, subscribed and paid-up share capital	Capital reserves:		Revenue reserve Rupees	Total equity
	Share premium	Employee compensation reserve		
Balance as at January 01, 2024	2,914,213,900	6,904,470,367	597,516,160	19,387,321,138
Total comprehensive income for the year				27,713,327,674
Profit for the year	-	-	-	6,115,297,176
Other comprehensive income for the year	-	-	-	-
	-	-	-	6,115,297,176
	-	-	-	6,115,297,176
Transactions with owners				
Exercise of share options	15,047,500	525,499,914	(188,017,364)	357,130,070
Share-based payments	-	-	490,612,325	490,612,325
Forfeited share options	-	-	(44,010,115)	(44,010,115)
Final dividend at the rate of Rs 6 per share for the year ended December 31, 2023	-	-	-	(1,749,020,400)
	15,047,500	525,499,914	256,584,806	(1,749,020,400)
	15,047,500	525,499,914	256,584,806	(945,288,120)
Balance as at December 31, 2024	2,929,881,400	5,433,976,281	766,101,048	32,883,536,730
Total comprehensive income for the period				
Profit for the period	-	-	-	5,998,669,754
Other comprehensive income for the period	-	-	-	-
	-	-	-	5,998,669,754
	-	-	-	5,998,669,754
Transactions with owners				
Exercise of share options	9,023,500	460,127,764	(162,402,968)	306,748,598
Share-based payments	-	-	331,168,758	331,168,758
Forfeited share options	-	-	(38,129,747)	(38,129,747)
Final dividend at the rate of Rs 6 per share for the year ended December 31, 2024	-	-	-	(1,758,696,899)
	9,023,500	460,127,764	140,866,341	(1,758,696,899)
	9,023,500	460,127,764	140,866,341	(1,148,879,294)
Balance as at September 30, 2025	2,938,864,988	5,804,104,045	808,767,387	37,733,327,196

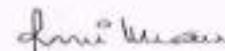
The annexed notes 1 to 45 form an integral part of these unconsolidated interim financial statements.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

SYSTEMS LIMITED
UNCONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD OF NINE MONTHS ENDED SEPTEMBER 30, 2025

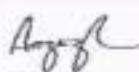
Note	For the period of nine months ended September 30, 2025		For the year ended December 31, 2024
	Rupees	Rupees	Rupees
A) CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period / year before taxation	6,052,783,033	6,214,307,479	
Adjustments to reconcile profit before tax to net cash flows:			
Levy	35.1	336,772,735	187,366,105
Depreciation on property and equipment	6.1.3	461,266,214	748,284,736
Depreciation on right-of-use assets	9.1	114,340,086	151,354,255
Amortization of intangibles		-	3,361,678
Amortization of deferred employee benefits	11	67,581,190	84,029,657
Gain on derivative financial instruments	33	(9,579,533)	(19,484,138)
Share based payment expense		222,097,082	340,739,969
Impairment losses on financial assets			
Contract assets - unsecured	32	99,895,151	17,672,786
Trade debts - unsecured	32	62,318,355	200,329,857
Loans, advances and other receivables	32	138,855,527	384,973,285
Security deposits written off	33	500,000	2,220,000
Finance costs	34	95,501,086	235,179,969
Gain on investments classified as fair value through profit or loss	33.1	(123,920,786)	(158,827,842)
Exchange (gain) / loss	33	(282,891,236)	220,091,599
Other income (other than exchange gain and loss, gain on investments and derivatives classified as fair value through profit or loss):			
Profit on deposit accounts	33	(41,381,394)	(73,167,567)
Profit on term deposit receipts and sukuk	33	(5,020,668)	(43,689,537)
Dividend income on mutual funds	33.1	(6,269,595)	(61,959,308)
Interest on loan to related parties	33	(302,271,973)	(759,731,402)
(Gain) on disposal of property and equipment	33	(12,428,204)	(11,958,618)
Effect of discounting of long term loans and security deposits	33	(87,152,011)	(125,576,558)
		(454,523,845)	(1,076,082,990)
Cash flows before working capital changes		728,212,026	1,321,208,928
Working capital changes			
Long term deposits		26,486,283	1,268,017
Loans paid to employees - net		56,495,479	(133,216,515)
Contract Assets		(771,006,724)	243,255,739
Trade debts		(5,592,444,301)	(4,513,689,358)
Advances and other receivables		891,625,724	(663,517,492)
Trade deposits and short term prepayments		136,278,840	(167,834,100)
Trade and other payables		1,088,404,624	1,879,920,380
Contract Liabilities		(479,826,152)	1,072,651,565
		(4,643,988,227)	(2,281,141,764)
Cash flows from operations		2,137,006,832	5,254,374,643

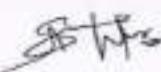
SYSTEMS LIMITED
UNCONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD OF NINE MONTHS ENDED SEPTEMBER 30, 2025

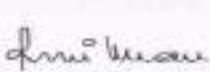
Note	For the period of nine months ended September 30, 2025		For the year ended December 31, 2024	
	Rupees	Rupees		
Finance costs paid	(57,244,469)	(259,502,223)		
Taxes and levy paid	(454,097,297)	(471,522,035)		
Long term advances				
Settlement of derivative financial instruments	524,208	(7,504,849)		
	-	20,945,148		
Net cash flows from operating activities	1,626,189,274	4,536,790,684		
B) CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment	(494,567,814)	(680,015,394)		
Expenditure on internally generated intangibles	(57,386,006)	(104,949,930)		
Sale proceeds from disposal of property and equipment	41,242,044	46,938,674		
Short term investments - net	5.1.4	1,896,371,500	(1,461,570,905)	
Increase in long term investment		-	3,176	
Profit received on deposit accounts	41,381,394	73,186,930		
Profit received on short term investments	5,020,688	46,766,951		
Interest received on loan to subsidiaries and associated undertakings	128,499,255	118,002,339		
Net cash flows from investing activities	1,560,581,041	(1,961,638,159)		
C) CASH FLOWS FROM FINANCING ACTIVITIES				
Disbursements against short term borrowings	8,529,932,798	8,178,586,017		
Repayment of short term borrowings	(8,189,672,655)	(9,017,786,770)		
Proceeds from exercise of share options	306,748,596	357,130,070		
Payments in respect of leases	21	(155,129,696)	(192,425,561)	
Dividend paid		1,750,792,896	(1,737,357,396)	
Net cash flows from financing activities		(1,258,913,857)	(2,411,853,640)	
Increase in cash and cash equivalents	A+B+C	1,927,856,458	163,298,885	
Net foreign exchange difference		16,999,435	(15,572,784)	
Cash and cash equivalents at the beginning of the period / year		1,589,699,594	1,441,973,473	
Cash and cash equivalents at the end of period / year	18.2	3,534,555,487	1,589,699,594	

Refer note 24 and 38 for reconciliation of liabilities arising from financing activities.

The annexed notes 1 to 45 form an integral part of these unconsolidated interim financial statements.


(CHAIRMAN)


(CHIEF EXECUTIVE OFFICER)


(CHIEF FINANCIAL OFFICER)

SYSTEMS LIMITED
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
AND OTHER EXPLANATORY INFORMATION
FOR THE PERIOD OF NINE MONTHS ENDED SEPTEMBER 30, 2025

1 CORPORATE INFORMATION

Systems Limited ("the Company") is a public company limited by shares incorporated in Pakistan under the Companies Act, 2017 and is listed on the Pakistan Stock Exchange. The Company is principally engaged in the business of software development, trading of software, hardware and Business Process Outsourcing (BPO) services. The registered office of the Company is situated at E-1, Sehjal Road, Near DHA Phase-VIII (Ex-Air Avenue), Lahore Cantt.

These financial statements are the separate unconsolidated financial statements of the Company in which investments in the subsidiary companies and associated company, detailed in Note B, have been accounted for at cost less accumulated impairment losses, if any.

- 1.1 Geographical location and addresses of business units of the Company are as under:**

Business Units	Geographical	Address
Head Office	Lahore	E-1, Sehjal, Near DHA Phase-VIII (Ex-Air Avenue), Lahore
Regional Office	Karachi	9 B, Sumya Building, Mohammad Ali Society Muhammad Ali Chs (Machs), Karachi
BPO Office	Karachi	3rd floor, M/S Azad Papers (PVT) LTD Syed House, I.I Chundrigar Road, Karachi
Regional Office	Islamabad	Plot No. 21, 1st Floor Fazeelat Arcade, Sector G-11 Markaz, Islamabad
Regional Office	Islamabad	Amazon Mall, 7th Floor, NH 5, Sector A DHA Phase II, Daftarkhwan, 4th Floor, 5-A Constitution Avenue, F-5/1 F5, Islamabad
Regional Office	Islamabad	Plot No. 842/23 near Northern Bypass Chowk, Bosan Road, Multan
Regional Office	Faisalabad	Old Ehsan Yousaf Building East Canal Road, near Jhal Khanuwana, Faisalabad
BPO Office	Lahore	Commercial building Plaza No 1, Block -CCA, Phase 8C, DHA Lahore Cantt

- 1.2 The accounting policies and methods of computation followed in the preparation of these unconsolidated interim financial statements are the same as those applied in the preparation of audited annual unconsolidated financial statements of the Company for the year ended December 31, 2024, the same are also set out in these unconsolidated interim financial statements.**

These unconsolidated interim financial statements have been prepared for the specific purpose of submission to the Honorable Lahore High Court in connection with a proposed business acquisition / merger transaction. Consequently, the distribution of these unconsolidated interim financial statements is restricted to this specific purpose and the parties directly involved in the proceedings.

2 BASIS OF PREPARATION

2.1 Statement of compliance

- 2.1.1 These unconsolidated interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:**

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

Where provisions of and directives issued under the Act, differ from the IFRS, the provisions of and directives issued under the Act, have been followed.

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2.1.2 The unconsolidated interim statement of profit or loss, the unconsolidated interim statement of comprehensive income, the unconsolidated interim statement of changes in equity, and the unconsolidated interim statement of cash flows cover the nine-month period ended September 30, 2025. The comparative figures relate to the full year ended December 31, 2024, hence are not comparable.

2.2 Standards, Amendments and Interpretations to Standards

2.2.1 Standards, amendments and interpretations effective during the period

The following amendments and interpretations became effective for annual periods beginning on or after 1 January 2025 and have been considered in the preparation of these interim financial statements:

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements
- Amendments to IAS 12 – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback
- Minor amendments to various standards as part of the IFRS Annual Improvements Cycle

These amendments do not have a material impact on the Company's unconsolidated interim financial statements for the period of nine months ended 30 September 2025.

2.2.2 Standards, amendments and interpretations issued but not yet effective

The following new standards and amendments have been issued by the IASB but were not effective for the reporting period and have therefore not been applied in these unconsolidated interim financial

- Amendments to IFRS 9 – Financial Instruments and IFRS 7 – Disclosures relating to contractual cash flow characteristics
Effective for annual periods beginning on or after 1 January 2026.
- Amendments to IAS 21 – Lack of Exchangeability
Effective for annual periods beginning on or after 1 January 2026.
- Any additional amendments issued but not yet effective as part of the IASB's Annual Improvements cycles.

The Company is currently evaluating the impact of these standards and amendments; however, no material impact is expected on the Company's unconsolidated interim financial statements based on the preliminary assessment.

2.2.3 ISSB Sustainability Standards (IFRS S1 and IFRS S2)

On 1 January 2025, the Securities and Exchange Commission of Pakistan (SECP) notified the adoption of the IFRS Sustainability Disclosure Standards — IFRS S1 and IFRS S2 — in Pakistan. These standards will apply to listed companies in a phased manner, with the first phase becoming effective for annual reporting periods beginning on or after 1 July 2025, followed by additional phases in 2026 and 2027. Assurance requirements on sustainability disclosures will commence from the second reporting year.

These ISSB standards are separate from IFRS Accounting Standards and do not apply to the preparation of the Company's interim financial statements for the nine-month period ended 30 September 2025. Accordingly, IFRS S1 and IFRS S2 have not been applied in these unconsolidated interim statements.

Management will continue to evaluate the implications of the SECP's phased implementation for future annual reporting periods.

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2.2.4 Standards issued by IASB but not applicable in Pakistan

Following standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

IFRS 1 - First-time adoption of International Financial Reporting Standards

IFRS 18 - Presentation and Disclosures in Financial Statements

IFRS 19 - Subsidiaries without Public Accountability: Disclosures

3 BASIS OF MEASUREMENT

These unconsolidated interim financial statements have been prepared under the historical cost convention except, as otherwise stated in these unconsolidated interim financial statements.

3.1 Functional and presentation currency

Items included in the unconsolidated interim financial statements are measured using the currency of the primary economic environment in which the Company operates. These unconsolidated interim financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

3.2 Use of estimates and judgments

The Company's material accounting policies are stated in Note 4. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these unconsolidated financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are material to the unconsolidated interim financial statements are as follows:

3.2.1 Provision for taxation (Notes 4.1 and 35)

The Company takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its views on items of material nature are in accordance with law, the amounts are shown as contingent liabilities.

3.2.2 Useful lives and residual values of property and equipment and intangibles (Notes 4.2 and 6)

The Company reviews the useful lives and residual values of property and equipment and intangibles at each reporting date. Any change in estimates in future years might affect the carrying amounts of respective items of property and equipment and intangible with a corresponding effect on the depreciation / amortization charge and impairment.

3.2.3 Expected credit losses (Notes 4.5.1 and 40.3.1)

The Company uses a provision matrix to calculate Expected Credit Losses (ECLs) for trade debts and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, and customer type).

The provision matrix is initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information which includes forecast economic conditions. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. For financial institutions with available credit ratings, provision is calculated on the basis of the available rating. For certain subsidiaries or sub-subsidiaries for which provision matrix may not be considered suitable based on management's judgement, expected credit loss is recognized on the basis of their ability to pay.

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The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may not be representative of customer's actual default in the future.

3.2.4 Revenue recognition (Notes 4.8 and 27)

3.2.4.1 Identification of distinct performance obligations

For contracts with multiple components to be delivered, the Company applies judgement to determine performance obligations which are distinct or not distinct, which are aggregated with other performance obligations until a bundle is identified that is distinct.

3.2.4.2 Estimating stand-alone selling prices of performance obligations

The Company determines stand-alone selling prices of all performance obligations in a bundled contract, which include sale of license, implementation, support, warranty and training.

3.2.4.3 Stage of completion

In cases where performance obligation is satisfied over time, the Company determines stage of completion on the basis of cost incurred to date as a percentage of total estimated cost to deliver the performance obligations.

3.2.5 Determining the lease term of contracts with renewal options (Notes 4.9 and 21)

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

The Company has the option, under some of its leases to lease the assets for an additional term. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew i.e. it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

3.2.6 Provisions and contingencies (Notes 4.10, 22 and 26)

A provision is recognized in the unconsolidated interim statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

3.2.7 Share based payment (Notes 4.11.2 and 20)

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The Company measures the fair value of equity-settled transactions with employees at the grant date using a Black Scholes Model. The assumptions used for estimating fair value for share-based payment transactions are disclosed in Note 20.2.5.

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3.2.8 Impairment assessment of long term investments (Notes 4.3 and 8)

The carrying amounts of long term investments are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the investment's recoverable amount is estimated. The recoverable amount of an investment is the greater of its value in use or its fair value less costs to sell. Where the fair value less costs of disposal cannot be determined, the recoverable amount is determined by estimating the asset's value in use.

4 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies set out below have been applied consistently to all periods presented in these unconsolidated interim financial statements.

4.1 Taxation - levy and income tax

4.1.1 Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed or changes in laws made during the year for such years.

Taxes on any basis other than taxable income are classified as levy, such as final taxes and minimum taxes.

4.1.2 Deferred

Deferred tax is accounted for using the statement of financial position method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the unconsolidated statement of profit or loss and the unconsolidated statement of other comprehensive income, except in the case of items credited or charged to equity in which case it is included in equity.

The carrying amount of deferred tax assets is reviewed at unconsolidated interim statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of deferred tax asset to be utilized.

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4.2 Property and equipment

4.2.1 Operating fixed assets

Property and equipment are stated at cost less accumulated depreciation and any recognised impairment loss except for freehold land which is stated at cost less any recognized impairment loss. Cost of operating fixed assets consist of purchase cost, borrowing cost pertaining to construction period and other directly attributable cost of bringing the asset to working condition. Subsequent costs are included in the assets carrying amount or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to unconsolidated statement of profit or loss during the period in which they are incurred.

Depreciation on operating fixed assets is charged to unconsolidated interim statement of profit or loss by applying the straight line method on pro rata basis so as to write off the depreciable amount of the assets over their estimated useful lives at the rates given in Note 6.1. Depreciation on additions is charged from the month of acquisition / transfer of asset, whereas no depreciation is charged during the month of disposal.

The Company reviews the useful lives and residual values of property and equipment at each reporting date. During the period, the Company has changed its useful life estimation from three to four years for 'computers' and 'computer equipments and installations' and from three to five years for certain 'other equipments'. Furthermore, residual value of laptops (within 'computers') is also revised from 30% to 20%. The revisions are accounted for prospectively as a change in accounting estimate and as a result, the depreciation charge of the Company for the six months period decreased by Rs 68.25 million and carrying amounts of 'computers', 'computer equipments and installations' and 'other equipments' increased by Rs 40.35 million, Rs 20.25 million and Rs 7.65 million respectively. The Company falls under minimum tax regime and does not record deferred tax on deductible temporary differences as the Company expects that these deductible temporary differences may not be realized in future. Therefore, the resultant after tax impact on profit as a result of change in estimation is the same.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Profit or loss on disposal of operating fixed assets represented by the difference between the sale proceeds and the carrying amount of the asset is included in the unconsolidated statement of profit or loss.

4.2.2 Capital work-in-progress

Capital work in progress represents expenditure on property and equipment which are in the course of construction and installation and advances given for purchase of property and equipment. Transfers are made to relevant property and equipment category as and when assets are available for use.

Capital work-in-progress is stated at cost less any identified impairment loss.

4.3 Investments

The management determines the classification of its investments at the time of purchase depending on the Company's business model for managing the financial assets and their contractual cash flow characteristics. Investments intended to be held for less than twelve months from the reporting date or to be sold to raise operating capital are included in current assets as explained in note 4.7. All other investments are classified as non-current assets.

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4.3.1 Investments in equity instruments of subsidiaries and associates

Investments in subsidiaries and associates where the Company has significant influence are measured at cost in the Company's separate financial statements in accordance with IAS-27 'Separate financial statements'. Cost in relation to investments made in foreign currency is determined by translating the consideration paid in foreign currency into Pak Rupees at exchange rate prevailing on the date of transaction. At subsequent reporting dates, the Company reviews the carrying amount of the investment and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. If any such indication exists, the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are recognized as an expense in the unconsolidated statement of profit or loss.

Acquisitions in or disposals of investments under common control as part of reorganization of the group are accounted for under predecessor value method.

4.4 Cash and cash equivalents

Cash and cash equivalents are stated in the unconsolidated statement of financial position at cost. For the purpose of the unconsolidated interim statement of cash flows, cash and cash equivalents comprise of cash in hand, cheques / demand draft in hand, deposits in the bank, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk changes in value, bank overdrafts and short term borrowings repayable on demand.

4.5 Trade debts

Trade debts from customers are stated at amortized cost less expected credit losses.

4.5.1 Expected credit losses

Expected credit losses are calculated as a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the Company in accordance with the contract and cash flows that the Company expects to receive). (Refer to note 4.7.4 for detailed policy for impairment of financial assets).

4.6 Trade and other payables

Liabilities for trade and other payable are recognized initially at their fair value less transaction costs and subsequently measured at amortized cost.

4.7 Financial instruments - Initial recognition and subsequent measurement

4.7.1 Initial recognition

Regular way purchase and sale of financial assets and financial liabilities is accounted for at the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

- At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ('FVPL'), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.
- Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss.

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4.7.2 Classification

4.7.2.1 Classification of financial assets

The Company classifies its financial instruments in the following categories:

- at fair value through profit or loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortized cost.

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

4.7.2.2 Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"), or
- at amortized cost.

4.7.3 Subsequent measurement

i) Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognized in other comprehensive income.

ii) Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus transaction costs, and subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

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iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the unconsolidated statement of profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the unconsolidated statement of profit or loss in the period in which they arise.

Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVTPL.

4.7.4 Impairment of financial assets

The Company recognizes loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortized cost at an amount equal to life time ECLs except for the following, which are measured at 12 month ECLs:

- bank balances for which credit risk (the risk of default occurring over the expected life of the financial instrument) has not increased since inception.
- other short term loans and receivables that have not demonstrated any increase in credit risk since inception.

Loss allowance for trade debts are always measured at an amount equal to life time ECLs. Life time ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12 month ECLs are portion of ECLs that result from default events that are possible within 12 months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the Company in accordance with the contract and cash flows that the Company expects to receive).

The Company considers that a financial asset is in default when contractual payments are 360 days past due except for trade debts from related parties for which default is evaluated on case to case basis. The definition is based on the Company's internal credit risk management policy. Financial assets are written off when there is no reasonable expectation of recovery. The Company categorizes a financial asset for write off when a counter party fails to make contractual payments for more than 360 days past due except for trade debts from related parties for which write off is evaluated on case to case basis.

4.7.5 Derecognition

i) Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in unconsolidated statement of profit or loss. In addition, on derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to unconsolidated statement of profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to equity.

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ii) Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the unconsolidated statement of profit or loss and other comprehensive income.

4.7.6 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the unconsolidated statement of financial position if the Company has legally enforceable right to offset the recognized amounts and the Company intends to settle either on a net basis or realize the asset and settle the liability simultaneously.

4.8 Revenue recognition

Revenue recognized in any period is based on the delivery of performance obligations and an assessment of when control is transferred to the customer. For contracts with multiple components to be delivered, management applies judgement to consider whether those promised goods or services are: (i) distinct – to be accounted for as separate performance obligations; (ii) not distinct – to be combined with other promised goods or services until a bundle is identified that is distinct; or (iii) part of a series of distinct goods and services that are substantially the same and have the same pattern of transfer to the customer.

At contract inception the total transaction price is estimated, which is allocated to the identified performance obligations in proportion to their relative standalone selling prices and revenue is recognized when (or as) those performance obligations are satisfied.

For each performance obligation, the Company determines if revenue will be recognized over time or at a point in time. Where the Company recognizes revenue over time this is due to any of the following reasons: (i) the Company performing and the customer simultaneously receiving and consuming the benefits provided over the life of the contract, (ii) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (iii) the Company's performance creates an asset with no alternative use, and the Company has an enforceable right to payment for performance completed to date.

For each performance obligation to be recognized over time, the Company applies a revenue recognition method that faithfully depicts the Company's performance in transferring control of the goods or services to the customer. The Company applies the relevant input method consistently to similar performance obligations as it faithfully depicts actual efforts made by the Company to satisfy performance obligations and to transfer services to end customer.

Moreover, information required for input method can be measured reliably. If performance obligations in a contract do not meet the over time criteria, the Company recognizes revenue at a point in time when obligations under the terms of the contract with the customer are satisfied.

Changes in estimates of measures of progress of performance obligations satisfied over time are recognized on a cumulative catch-up basis, which recognizes in the current period the cumulative effect of any changes on current and prior periods based on a performance obligation's percentage of completion.

For each of its contracts, the Company considers whether it is a principal or an agent by evaluating the nature of its promise to the customer. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services (including discretion in establishing the price) before transferring them to the customer.

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The Company disaggregates revenue from contracts with customers by contract type, geographical markets and timing of revenue recognition, as management believes this best depicts how the nature, amount, timing and uncertainty of the Company's revenue and cash flows are affected by economic factors. The revenue recognition policy relevant to each contract type is as below:

4.8.1 Outsourcing services

Outsourcing services include business process outsourcing services and IT services. Revenue is recognized under each category as below:

a) BPO services

The performance obligation of the Company is to perform the various business activities outsourced by the customers. Revenue is recognized over time on the basis of activities performed, as the customer simultaneously receives and consumes the benefits provided by the Company's performance.

b) IT services

The performance obligation of the Company is to make available the resources to perform various IT services as per the requirement of the customer. Resource efforts are controlled by the customer and revenue is recognized over time on the basis of hours of resources made available to the customer, as the customer simultaneously receives and consumes the benefits provided by the Company's performance.

4.8.2 Hardware trading

Hardware trading represents the sale of hardware. Revenue is recognized at the point in time when obligations under the terms of the contract with the customer are satisfied, generally this occurs when the hardware is delivered to the customer.

4.8.3 Software trading and implementation

For software trading where no implementation is involved, revenue is recognized at the point in time when the software is delivered to the customer.

In case of subscription based services, revenue is recognized over time as the customer simultaneously receives and consumes the benefits provided by subscription services, including access to infrastructure, software updates, and customer support in accordance with IFRS 15, "Revenue from Contracts with Customers" and revenue is typically recognized on a straight-line basis over the subscription period.

For contracts that involve both trading of software license and its implementation, the Company makes judgments in determining whether the software implementation and software license are distinct and thus separate performance obligations or part of the bundle and thus a single performance obligation depending upon the level of customization involved and other key factors surrounding each contract. Where software license and implementation are considered distinct and separate performance obligations, the trading license revenue is recognized at the point in time while the revenue relating to implementation is recorded over time during the implementation period.

Where software license and implementation are considered a single performance obligation, the revenue relating to both trading license and implementation is recorded over time during the implementation period. Implementation generally comprises of customization of existing technology, development and integration of tech platforms and enabling digital transformation of companies through specific technologies.

The Company uses input method for measuring percentage of completion (PoC) by taking into account the cost incurred to date as a percentage of total budgeted cost.

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The Company has assessed that maintenance and support is a performance obligation that can be considered capable of being distinct and separately identifiable in a contract. These recurring services are substantially the same as the nature of the promise is for the Company to 'stand ready' to perform maintenance and support when required by the customer. Time-based measure of progress is used for such services since it best reflects the Company's efforts in satisfying the performance obligation.

4.8.4 Contract assets

A contract asset is initially recognized for revenue earned because the receipt of consideration is conditional on successful completion of the milestones as per contract. Upon completion of the milestone and acceptance by the customer, the amount recognized as contract assets is reclassified to trade debts.

4.8.5 Contract liabilities

A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the related goods or services are transferred. Contract liabilities are recognized as revenue as and when performance obligations are satisfied under the contract.

4.9 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
 - the Company has the right to operate the asset; or
 - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

The Company has elected to apply the practical expedient for not recognizing right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognized as an expense on a straight line basis over the lease term.

Extension and termination options are included in a number of leases. These are used to maximize operational flexibility in terms of managing the assets used in the Company's operations. The majority of termination options held are exercisable only by the Company and not by the respective lessor while the extension options are generally exercisable with the mutual consent of both the Company and the

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4.9.1 Right-of-use assets

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

4.9.2 Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments include fixed payments, variable lease payment that are based on an index or a rate amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. It is re-measured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in unconsolidated statement of profit or loss if the carrying amount of right-to-use asset has been reduced to zero.

4.10 Provisions and contingencies

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

4.11 Staff benefits

The Company has the following plans for its employees:

4.11.1 Provident fund

The Company operates a funded recognized provident fund contribution plan which covers all permanent employees. Equal contributions are made on monthly basis both by the Company and the employees at the rate of 8.33% of basic salary.

4.11.2 Employees' share option scheme

The Company operates an equity settled share based Employees Stock Option Scheme. The Human Resource & Compensation Committee of the Board of Directors of the Company evaluates the performance and other criteria of employees and approves the grant of options. These options vest with employees over a specified period subject to fulfillment of certain conditions.

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Upon vesting, employees are eligible to apply and secure allotment of Company's shares at a price determined on the date of grant of options.

At the grant date of share options to the employees, the Company initially recognizes employee compensation expense with corresponding credit to equity as employee compensation reserve at the fair value of option at the grant date. The fair value of options determined at the grant date is recognized as an employee compensation expense on a straight line basis over the vesting period. Fair value of options is arrived at using Black Scholes pricing model.

When share options are exercised, the proceeds received, net of any transaction costs, are credited to share capital (nominal value) and share premium.

4.11.3 Interest free loans to employees

The Company provides interest free loans to its employees for purchase of vehicles and other purposes. The loans are initially recognized at fair value which is the present value of future deductions to be made from employees' salaries, discounted at the market interest rate. The difference between fair value of the interest free loan and principal amount at initial recognition is recorded as a deferred employee benefit. The loan is subsequently measured at amortized cost with respective finance income to be recorded in the unconsolidated statement of profit or loss. In addition, the deferred employee benefit is amortized equally over the life of the loan and the amortization is recorded in the unconsolidated statement of profit or loss.

4.12 Earnings per share

The Company presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.13 Sales tax

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

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

4.14 Foreign currency transactions

Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rate of exchange prevailing at the reporting date. Transactions during the year are converted into Pak Rupees at the exchange rate prevailing at the date of such transaction. All exchange differences are charged to unconsolidated interim statement of profit or loss.

4.15 Related party transactions

The Company enters into transactions with related parties at mutually agreed terms and conditions. All such transactions are processed in line with the Company's governance procedures and disclosed in accordance with financial reporting framework.

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5 SUMMARY OF OTHER ACCOUNTING POLICIES

Other than material accounting policies applied in the preparation of these unconsolidated interim financial statements are set out below for ease of users' understanding of these unconsolidated interim financial statements. These policies have been applied consistently for all periods presented, unless otherwise stated.

5.1 Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When the Company undertakes its activities under joint operations, the Company as a joint operator recognizes in relation to its interest in a joint operation:

- a) Its assets, including its share of any assets held jointly;
- b) Its liabilities, including its share of any liabilities incurred jointly;
- c) Its revenue from the sale of its share of the output arising from the joint operation;
- d) Its share of the revenue from the sale of the output by the joint operation; and
- e) Its expenses, including its share of any expenses incurred jointly

The Company accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses. When Company transacts with a joint operation in which a Company is a joint operator, the Company is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognized in the Company's unconsolidated financial statements only to the extent of other parties' interests in the joint operation. When Company transacts with a joint operation in which Company is a joint operator, the Company does not recognize its interest in joint operation UUS Joint Venture (Private) Limited, a Company set up specifically for executing multi-year contract "Package 04A – Airport Information Management System (AIMS)", a turnkey project for New Islamabad International Airport by Pakistan Civil Aviation Authority.

5.2 Intangibles

Intangible assets acquired from the market are carried at cost less accumulated amortization and any accumulated impairment losses.

Expenditure on research (or the research phase of an internal project) is recognized as an expense in the period in which it is incurred;

Development costs incurred on specific projects are capitalized when all the following conditions are satisfied:

- Completion of the intangible asset is technically feasible so that it will be available for use or sale.
- The Company can reliably measure the cost of intangible asset.
- The Company intends to complete the intangible asset and use or sell it.
- The Company has the ability to use or sell the intangible asset.
- Intangible asset will generate probable future economic benefits.

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- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- The Company's ability to measure reliably the expenditure attributable to the intangible asset during its development.

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by the management. Development costs not meeting the criteria for capitalization are expensed as incurred.

After initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. These are amortized using straight line method over their useful life. Full month amortization is charged in month of acquisition and no amortization is charged in month of disposal.

5.3 Impairment of non-financial assets

The carrying amounts of non-financial assets other than deferred tax asset, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use or its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash generating unit, or CGU").

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in unconsolidated statement of profit or loss.

Impairment loss recognized in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

5.4 Derivative financial instruments

Derivatives are only used for economic hedging purposes as a forward cover against the Company's specified export receipts, and not as speculative investments. Derivatives are initially recognised at cost on the date a derivative contract is entered and they are subsequently remeasured to their fair value using level 2 valuation techniques at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of item being hedged. The company has not designated any derivative instrument as hedging instrument. These are presented as current assets or liabilities to the extent these are expected to be settled within 12 months after the end of reporting period. Changes in fair value of any derivative instrument are recognised immediately in the statement of profit or loss and are included in other operating expenses / income.

5.5 Advances and deposits

Advances are recognized at the fair value of considerations given. Trade deposits with no fixed repayment date are measured at cost being amount paid on initial recognition. Fair value of these deposits is not considered to be materially different from cost.

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5.6 Other income

Profit on deposit accounts and gain on short term investments and other income is recognized using effective interest rate.

Gains / (losses) arising on revaluation of securities classified as fair value through profit or loss are included in the unconsolidated statement of profit or loss in the period in which they arise.

Dividend income from investments is recognised when the Company's right to receive the payment has been established.

5.7 Finance costs

Finance cost is charged to unconsolidated statement of profit or loss in the year in which it is incurred.

5.8 Dividends and appropriation reserves

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

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4 PROPERTY AND EQUIPMENT	September 28,		December 31,		Depreciation	Accumulated depreciation	Net book value	Rate of depreciation (%)				
	2023	2024	2023	2024								
4.1 Operating fixed assets												
Operating fixed assets	(8,71)	3,317,544,878	3,401,072,321									
Capital work-in-progress	(8,2)	69,430,077	1,514,872									
		3,407,574,933	3,402,587,193									
4.1.1 Operating fixed assets												
Land - freehold	Building on freehold land	Computers	Computer equipment and installations	Other equipment and intangibles	Generators and transformer	Furniture and fittings	Vehicles	Office equipment	Lesserhold Building - improvements	Total		
<i>As at January 01, 2024</i>												
Cost	592,254,914	715,559,891	2,014,106,458	700,349,275	375,838,860	161,481,348	252,628,846	140,158,746	54,833,128	215,266,423	3,363,615,79	
Accumulated depreciation		(28,417,911)	(29,188,006)	(191,327,382)	(177,054,273)	(59,245,240)	(197,567,684)	(55,901,040)	(31,708,247)	(62,157,573)	(1,863,812,08)	
Net book value		563,836,914	686,371,885	818,421,452	523,295,892	102,236,302	55,301,102	23,132,588	543,129,837	153,109,847,71		
<i>For the year ended December 31, 2024</i>												
Opening net book value	563,836,914	849,162,030	1,062,023,458	110,420,942	56,174,638	162,380,983	248,260,362	18,871,703	21,132,349	140,128,891	3,509,622,71	
Additions (at cost)			163,121,000	60,401,354	43,111,934		8,219,258	197,497,292	3,069,140	146,848	476,980,52	
Depreciation												
Cost			(52,568,941)	(180,602,708)	(121,770)		(468,316)	(21,787,706)	(134,896)		(27,775,73)	
Accumulated depreciation			(13,297,312)	(31,727,721)	(21,770)		(476,058)	(17,702,380)	(44,240)		(32,795,62)	
Depreciation			(19,271,629)	(49,875,989)	(20,500,020)		(14,326)	(5,975,594)	(80,100)		(14,583,02)	
Closing net book value			501,754,814	656,713,501	1,063,737,481	57,073,952	213,268,154	171,834,162	21,160,246	70,258,115	3,603,274,32	
<i>As at December 31, 2024</i>												
Cost	563,836,914	715,559,891	2,314,748,219	720,267,970	419,828,821	161,481,348	261,273,887	212,873,340	37,987,281	237,962,817	3,914,766,59	
Accumulated depreciation		(104,315,239)	(1,258,214,739)	(173,258,371)	(218,152,323)	(54,482,371)	(138,269,673)	(104,476,190)	(36,807,036)	(114,813,361)	(3,513,049,76)	
Net book value		563,836,914	633,713,531	1,056,217,491	200,916,256	103,078,322	87,375,000	223,083,154	213,344,139	25,382,248	3,401,273,32	
<i>For the period ended September 30, 2025</i>												
Opening net book value	563,836,914	833,713,531	1,056,217,491	200,916,256	103,078,322	87,375,000	223,083,154	213,344,139	21,380,248	91,280,310	3,401,073,31	
Additions (at cost)			(756,587,279)	(51,154,024)	(4,962,308)	(866,576)	(3,954,823)	(123,386,013)	(3,250,731)		(459,241,61)	
Depreciation												
Cost			(162,963,741)	(12,793,343)	(1,538,375)	(1,749,459)	(135,869)	(18,351,117)	(385,185)		(158,071,26)	
Accumulated depreciation			(158,963,741)	(4,830,729)	(1,538,375)	(1,749,459)	(89,054)	(18,351,117)	(82,780)		(159,268,42)	
Depreciation			(13,781,279)	(3,971,623)	(1,542,216)	(36,467,389)	(11,283,271)	(23,319,885)	(2,911,386)	(2,911,386)	(12,811,340)	
Closing net book value			563,754,814	516,932,125	1,072,882,141	200,908,260	101,761,296	55,462,277	203,081,318	207,386,547	25,382,248	(25,349,873)
<i>As at September 30, 2025</i>												
Cost	563,754,814	729,559,851	2,389,381,749	734,868,859	424,481,302	198,428,717	265,153,009	404,838,228	92,952,325	237,962,817	3,145,329,54	
Accumulated depreciation		(135,612,739)	(3,270,299,680)	(510,084,874)	(273,329,132)	(20,346,445)	(192,931,864)	(127,331,591)	(46,423,501)	(171,865,234)	(3,237,684,26)	
Net book value		563,754,814	615,932,125	1,072,882,141	249,800,181	101,261,193	76,982,272	293,081,343	287,502,147	25,382,248	53,862,547	
Rate of depreciation (%)			1.4	20.35	20.33	20	19	19	20	18.37		

6.1.1 The cost of operating food assets includes assets amounting to R\$ 420.58 million (December 31, 2004: R\$ 288.10 million) with fair book value and R\$ 0 in use.

4.1.2 Immovable assets include freehold land and buildings situated at 21-3, Serangoon Road (Block 91) (Ex-Air Armament), Lutong Court. Total area of land is 21.42 kawas (measured 21.21 kawas).

4.1.3 Depreciation charge for the period / years has been allocated as follows:	Note	For the period one month ended		For the year ended December 31, 2004
		September 30, 2005	Reported	
Cost of revenue	(28)	188,720,466	653,888,385	
Selling and distribution expenses	(29)	8,243,103	8,000,748	
Administrative expenses	(30)	82,247,416	102,142,610	
Research and development expenses	(31)	3,055,756	1,060,054	
Intangible assets development	(7)	2,389,201	3,790,244	
		46,185,416	762,770,882	

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6.1.4 Disposal of property and equipment

Details of disposed assets which had a net book value of Rs 500,000/- each or more, are as follows:

For the period of nine months ended September 30, 2025

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of buyer
Rupees							
Apple MacBook Pro M4 10-Core CPU -16GB Unified RAM-1TB SSD-14	534,601	20,786	513,715	-	(513,715)	Stolen	Not applicable
Aggregate of items of property and equipment with individual net book value below Rs 500,000	79,035,572	50,735,447	28,300,125	41,242,044	12,941,919		
	<u>79,570,073</u>	<u>50,736,233</u>	<u>28,813,840</u>	<u>41,242,044</u>	<u>12,428,204</u>		

For the year ended December 31, 2024

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of buyer
Rupees							
Cisco Catalyst 9200L 48-port	1,090,519	201,064	889,455	889,455	-	Company Policy	EP Systems Pvt Limited - Associate
Cisco Catalyst 9200L 48-port	1,090,519	201,064	889,455	889,455	-	Company Policy	EP Systems Pvt Limited - Associate
Cisco Catalyst 9200L 48-port	857,419	348,112	509,307	509,307	-	Company Policy	EP Systems Pvt Limited - Associate
Cisco Catalyst 9200L 48-port	857,419	348,112	509,307	509,307	-	Company Policy	EP Systems Pvt Limited - Associate
Laptop - Apple Macbook Pro	635,635	37,089	598,746	598,746	-	Company Policy	Systems Arabia for Information Technology - Sub subsidiary
Laptop - Apple Macbook Pro	854,875	216,099	638,776	638,776	-	Company Policy	Techvista Systems FZ LLC - Sub subsidiary
Laptop - Apple Macbook Pro	609,387	106,841	502,726	502,726	-	Company Policy	Techvista Systems FZ LLC - Sub subsidiary
Laptop - Apple Macbook Pro	580,000	72,501	507,499	507,499	-	Company Policy	Systems Arabia for Information Technology - Sub subsidiary
Laptop - Apple Macbook Pro	613,333	47,704	565,629	565,629	-	Company Policy	Techvista Systems FZ LLC - Sub subsidiary
Toyota Corolla	2,835,670	1,985,737	849,933	2,717,000	1,867,067	Company Policy	Muhammad Waheed - Employee
MG HS	5,630,000	3,864,831	1,965,368	2,850,000	884,631	Company Policy	Reehi Khan - Employee
Kia Sportage	5,483,870	2,742,440	2,741,430	6,500,000	3,758,570	Company Policy	Zahid Mahmood Janjua - Employee
Aggregate of items of property and equipment with individual net book value below Rs 500,000	106,636,905	82,824,481	23,612,424	29,260,774	6,448,350		
	<u>127,775,731</u>	<u>92,795,875</u>	<u>34,980,056</u>	<u>46,938,674</u>	<u>11,958,618</u>		

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		September 30, 2025	December 31, 2024
	Note	Rupees	Rupees
6.2 Capital work-in-progress			
This represents civil works movement of which is as follows:			
Balance at the beginning of the period / year		1,514,872	-
Additions during the period / year		67,915,205	1,514,872
Balance at the end of the period / year		<u>69,430,077</u>	<u>1,514,872</u>

7 INTANGIBLES

Intangibles under development	(7.1)	166,981,755	109,815,749
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- 7.1 The Company is developing an intangible asset, 'Country Model Bank', which represents a preconfigured banking platform tailored to the specific regulatory, market, and operational needs of a particular country. This platform aims to provide a streamlined banking system implementation for clients.

		September 30, 2025	December 31, 2024
	Note	Rupees	Rupees
8 LONG TERM INVESTMENTS			
Investment in subsidiaries - unquoted			
Systems Ventures (Private) Limited	(8.1)	1,178,444,976	1,178,444,976
TechVista Information Technology W.L.L.	(8.2)	144,568,884	144,568,884
National Data Consultant (Private) Limited	(8.3)	4,254,636,725	4,254,636,725
SUS JV (Private) Limited	(8.4)	94,990	94,990
Systems Holdings (Private) Limited	(8.5)	-	-
Advance against issuance of shares	(8.6)	5,577,745,575	5,577,745,575
Share options issued to employees of subsidiaries	(8.7)	2,225,191,000	2,225,191,000
Subscription money payable	(8.8)	211,033,818	3,295,800
Investment in associate - unquoted			
E-Processing Systems B.V.	(8.9)	201,546,988	201,546,988
		<u>8,299,794,908</u>	<u>8,218,812,981</u>

- 8.1 This represents 138,970,280 fully paid ordinary shares of Rs 10/- each, representing 100% (December 31, 2024; 138,970,280 fully paid shares of Rs. 10/- each, representing 100%) share in Company's subsidiary, Systems Ventures (Private) Limited, a company set up in Pakistan to invest in new ventures, start-ups and incubate new ideas.
- 8.2 TechVista Information Technology W.L.L. (TVSO) is a limited liability company incorporated in the State of Qatar. The Company owns 34% (December 31, 2024; 34%) share capital in TVSO. Pursuant to the agreement entered with the remaining shareholders of TVSO on February 27, 2022, the Company has obtained all control and management of TVSO.
- 8.3 This represents 500,000 fully paid ordinary shares of Rs 10/- each, representing 100% (December 31, 2024; 500,000 fully paid ordinary shares of Rs 10/- each, representing 100%) shares in the Company's subsidiary, National Data Consultant (Private) Limited, which were acquired by the Company on July 05, 2022 through the share purchase agreement. NdcTech is a company setup in Pakistan engaged in core and digital banking implementation services, having rich clients in Pakistan, Middle East, Africa and Asia Pacific region.
- 8.4 This represents 9,499 full paid ordinary shares of Rs 10/- each, representing 94.99% (December 31, 2024; 9,499 full paid ordinary shares of Rs 10/- each, representing 94.99%) shares in Company's subsidiary, SUS JV (Private) Limited, a company set up in Pakistan for the Balochistan Land Revenue Management Information System project. The project is related to digitization of land records and development of a web-based management information system.
- 8.5 This represents 100 ordinary shares (December 31, 2024; 100 ordinary shares) of Rs. 10/- each, representing 100% shares in the Company's subsidiary, Systems Holdings (Private) Limited, a limited liability company incorporated in Pakistan on April 14, 2023, for the purpose of establishing and running data processing centers, computer centers, software development centers and to provide consultancy and data processing software development services. As of reporting date, no payment has been made against its share capital.
- 8.6 This represents the advances provided to SVPL against issuance of shares as follows:
- 8.6.1 Systems International IT Pte. Ltd. was a wholly owned subsidiary of Systems Limited, with a cost of investment of Rs. 818.09 million, incorporated on May 11, 2022. However, on April 26, 2023, the Company entered into an arrangement with its wholly owned subsidiary, Systems Ventures (Private) Limited 'SVPL' for transfer of 5,002,690 shares of Systems International IT Pte Ltd to SVPL. Thereafter, Systems International IT Pte. Ltd. is a wholly owned subsidiary of SVPL whereas the Company continues to be the ultimate parent company. The Company is to receive shares of equivalent value of its cost of investment in Systems International IT Pte. Ltd. from SVPL.
- 8.6.2 This represents an amount of USD 4.9 million, amounting to Rs 1,407.18 million, (December 31, 2024; Rs. 1,407.18 million) paid to Systems International IT Pte. Ltd. on behalf of SVPL. The Company is to receive shares from SVPL of equivalent value of its payment to Systems International IT Pte. Ltd.

SYSTEMS LIMITED

**NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION
FOR THE PERIOD OF NINE MONTHS ENDED SEPTEMBER 30, 2025**

		September 30, 2025	December 31, 2024
		Rupees	Rupees
8.7	This represents the share options issued to employees of the following group entities:		
	- Tech Vista Systems FZ-LLC	180,838,643	131,525,801
	- TechVista Information Technology W.L.L.	4,010,706	2,971,866
	- Systems Arabic for Information Technology	68,380,052	41,574,508
	- National Data Consultant (Private) Limited	16,948,850	16,848,850
	- SYS Egypt for Information Technology Services	5,812,512	3,106,650
	- Systems APAC for Info Tech PTE Ltd	4,489,871	3,256,210
	- Systems Africa for Information Technologies (Pty) Ltd	3,569,736	3,369,736
	- Systems Australia for Information Technology (Pty) Ltd	8,145,275	8,078,197
		<u>292,005,748</u>	<u>211,033,818</u>
8.8	This represents subscription money payable in respect of the following subsidiaries:		
	- TechVista Information Technology W.L.L.	3,294,600	3,294,600
	- Systems Holdings (Private) Limited	1,000	1,000
		<u>3,295,600</u>	<u>3,295,600</u>
8.9	Investment in associate - unquoted E-Processing Systems B.V.		
	Cost of investment	(8.8.1)	270,500,227
	Accumulated impairment loss	(68,953,239)	(68,953,239)
		<u>201,546,988</u>	<u>201,546,988</u>
8.9.1	This represents 175,307 (December 31, 2024: 175,507) fully paid ordinary shares at USD 0.01/- each representing 30.90% shares in E-Processing Systems B.V (EPSBV), a company setup in Netherlands.		
9	RIGHT-OF-USE ASSETS		
	Note	September 30, 2025	December 31, 2024
		Rupees	Rupees
	Cost	771,367,927	771,367,927
	Accumulated amortization	(528,969,014)	(412,628,926)
	Net book value	<u>244,398,913</u>	<u>358,738,999</u>
9.1	These represent buildings on lease. The reconciliation of net book value is as follows:		
	Opening net book value	358,738,999	510,167,034
	Depreciation for the period / year	(9.2)	(114,340,066)
	Closing net book value	<u>244,398,913</u>	<u>358,738,999</u>
	Rate of depreciation (%)	10-25	10-25
9.2	The depreciation charge for the period / year on right-of-use assets has been allocated as follows:		
	Note	For the period of nine months ended September 30, 2025	For the year ended December 31, 2024
		Rupees	Rupees
	Cost of revenue	(28)	102,009,454
	Selling and distribution expenses	(29)	1,809,851
	Administrative expenses	(30)	9,302,629
	Research and development expenses	(31)	656,534
	Intangible under development	(7)	561,416
		<u>114,340,066</u>	<u>151,418,035</u>
10	LONG TERM LOANS		
	Note	September 30, 2025	December 31, 2024
		Rupees	Rupees
	Considered good - secured Due from executives	(10.1)	577,113,360
		<u>577,113,360</u>	<u>613,818,425</u>

SYSTEMS LIMITED

NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION
FOR THE PERIOD OF NINE MONTHS ENDED SEPTEMBER 30, 2025

10.1 Due from executives	Note	September 30, 2025			December 31, 2024	
		Rupees			Rupees	
		Motor Vehicles	Other loans	Total		Total
As at January 01		820,201,388	22,919,709	843,121,097		712,111,946
Loans disbursed during the period / year						
Undiscounted amount paid		375,536,874	-	375,536,874		884,156,657
Related deferred employee benefits	(11)	(75,143,191)	-	(75,143,191)		(181,308,547)
300,393,783		-		300,393,783		502,818,110
Loans settled during the period / year		(146,419,556)	-	(146,419,556)		(222,817,797)
Unwinding of discount	(33)	82,612,249	1,212,625	83,824,874		122,019,708
Repayments		(227,468,573)	(11,626,136)	(239,094,709)		(270,810,870)
829,319,291		12,506,198		841,825,489		843,121,097
Receivable within one year	(18)	(247,718,388)	(12,506,198)	(260,222,586)		(223,302,672)
		581,602,903	-	581,602,903		613,818,425
10.2	The remaining interest free loans are repayable between 1 to 47 (December 31, 2024: 21 to 60) months and are granted to the executives of the Company, in accordance with their terms of employment. These are secured against post dated cheques. These loans were initially recognized at fair value using effective interest rates ranging from 9.95% to 17.5% per annum (December 31, 2024: 11.3% to 17.51% per annum). The difference between cash paid and present value of cash inflows upon initial recognition has been recognized as deferred employee benefits which is amortized on a straight line basis over the period of the loan.					
11 DEFERRED EMPLOYEE BENEFITS	Note	September 30,			December 31,	
		2025			2024	
		Rupees			Rupees	
As at January 01					289,420,613	249,223,196
Additions during the period / year	(16.1)				75,143,191	181,538,547
Settlements during the period / year					(42,928,604)	(57,311,475)
Amortization during the period / year					(67,581,190)	(84,029,657)
					254,953,950	289,420,613
Current portion of deferred employee benefits					(88,327,630)	(88,168,964)
					166,626,320	203,253,649
12 LONG TERM DEPOSITS		September 30,			December 31,	
		2025			2024	
		Rupees			Rupees	
Leave buildings						
Opening balance					30,466,985	26,910,195
Unwinding of discount	(33)				3,327,136	3,556,660
Closing balance					33,794,121	30,466,985
Others						
Utilities and other deposits					17,107,892	43,594,175
					50,902,013	74,081,160
13 CONTRACT ASSETS		September 30,			December 31,	
		2025			2024	
		Rupees			Rupees	
Unbilled revenue	(13.1)				2,241,433,009	1,525,904,996
Retention money					10,468,144	54,916,571
					2,251,933,143	1,580,821,576
13.1 Unbilled revenue		September 30,			December 31,	
		2025			2024	
		Rupees			Rupees	
Export					494,075,044	349,184,502
Local					1,760,197,697	1,203,874,917
					2,254,272,741	1,552,759,419
Less: Allowance for ECL	(13.1.2)				(12,638,742)	(26,854,420)
	(13.1.2)				2,241,433,009	1,525,904,996
13.1.2 Allowance for ECL		September 30,			December 31,	
		2025			2024	
		Rupees			Rupees	
As at January 01					26,854,420	9,181,634
Expenses for the period / year					99,895,151	17,872,786
Balances written-off					(113,910,629)	-
Closing balance					12,838,742	26,854,420
13.1.3	These represent unbilled debtors arising due to recognition of revenue as per IFRS 15 - Revenue from Contracts with Customers.					
14 TRADE DEBTS	Note	September 30,			December 31,	
		2025			2024	
		Rupees			Rupees	
Export	(14.1)				24,445,486,453	18,203,064,581
Local					1,664,351,128	2,478,178,479
					26,109,837,581	20,681,241,051
Less: Allowance for ECL	(14.2)				(171,710,300)	(399,594,215)
					25,938,118,191	20,281,646,836

SYSTEMS LIMITED

**NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION
FOR THE PERIOD OF NINE MONTHS ENDED SEPTEMBER 30, 2025**

14.1 These include receivables from related parties against export of outsourcing services. As per contracts with related parties, billing terms range from monthly to quarterly basis and payment is generally due within 120 days from the date of billing. Detail of related party balances along with aging analysis of the amounts is as follows:

	September 30, 2025							
	Not Past Due	Past due 0-90 days	Past due 91-180 days	Past due 181-270 days	Past due 271-360 days	Past due 361 days and above	Total	Maximum month end balance
	Rupees							
Group Companies								
National Data Consultancy FZE	194,127,671	154,438,313	141,644,672	55,596,938	201,473,719	1,725,409,432	2,472,690,745	2,579,708,000
Systems Africa for Information Technologies (Pty.) Ltd	8,237,813	-	-	-	-	-	8,237,813	127,518,806
Systems APAC for Information Technology Pte. Ltd	453,210,750	217,396,069	188,434,378	250,011,315	240,292,614	393,630,047	1,742,976,273	1,853,602,307
Systems Arabia for Information Technology	959,758,172	620,926,709	617,890,750	674,926,360	868,794,868	1,697,845,826	5,446,142,685	5,695,480,490
Systems Australia for Information Technology PTY LTD.	47,153,109	26,778,856	20,678,540	25,790,906	23,720,344	47,807,719	191,938,274	191,938,274
TechVista Information Technology W.L.L. Qatar-TV3Q	270,553,469	223,342,664	200,611,443	198,296,446	189,394,580	289,903,072	1,378,181,674	1,378,181,674
TechVista Systems FZ-LLC	2,043,980,100	2,065,016,762	1,878,204,077	(63,239)	-	658,915,208	7,548,052,906	7,548,052,906
TreeHouse Consultancy LLC	-	-	-	-	-	-	-	184,808,385
Sys Egypt for Information Technology Services	-	1,125,000	8,217,281	10,551,234	6,541,594	15,095,531	42,430,640	42,430,641
Sys Bahrain for Information Technology W.L.L.	84,242,025	74,163,375	75,930,469	80,590,822	-	-	314,926,791	314,926,791
Sys Information Technology Malaysia SDN.BHD	27,500,641	25,240,781	9,637,875	4,314,656	3,856,781	-	70,558,734	70,558,734
Other Related Parties								
AIClose LLC	-	-	-	-	-	-	-	181,845,340
PartnerInQ Incorporation	507,120,891	143,840,250	-	-	-	-	650,961,141	993,109,951
Visionet Canada Incorporation	16,001,710	6,298,347	1,862,247	332,803	-	-	24,495,107	24,495,107
Visionet EMEA Limited (UK)	318,637,387	-	-	-	-	148,700	316,786,087	934,298,630
Visionet Systems Incorporation	3,750,018,188	-	-	-	-	-	3,750,018,188	4,030,675,668
Visionet Deutschland GmbH	233,982,300	10,311,333	-	-	-	-	244,283,633	244,293,633
	9,812,532,226	3,768,879,159	3,152,111,732	1,298,348,361	1,334,083,700	4,828,735,533	24,194,600,691	(1,743,427,500)

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**NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION
FOR THE PERIOD OF NINE MONTHS ENDED SEPTEMBER 30, 2025**

	December 31, 2024							
	Not Past Due	Past due 0-90 days	Past due 91-180 days	Past due 181-270 days	Past due 271-360 days	Past due 361 days and above	Total	Maximum month end balance
	Rupees							
Group Companies								
National Data Consultancy FZE	67,507,660	190,396,301	222,572,060	440,402,728	462,382,703	651,848,614	2,044,110,013	2,044,110,013
Systems Africa for Information Technologies (Pty.) Ltd.	-	-	-	9,044,148	35,210,718	64,744,984	108,999,830	116,804,648
Systems APAC for Information Technology Pte. Ltd	318,486,405	237,815,128	216,150,327	180,971,062	52,103,786	-	1,005,526,688	1,020,666,329
Systems Arabia for Information Technology	817,559,143	861,898,850	653,406,912	575,167,503	406,507,002	144,059,444	3,268,588,944	3,258,588,944
Systems Australia for Information Technology PTY LTD.	31,281,947	23,484,668	18,005,054	21,676,321	2,839,816	-	97,986,806	97,986,806
TechVista Information Technology W.L.L. - Qatar-TVSO	252,485,429	187,441,711	175,328,765	172,617,792	174,278,014	105,742,155	1,157,803,886	1,415,667,832
TechVista Systems FZ-LLC	2,378,107,130	1,726,708,789	617,486,331	-	-	-	4,722,302,250	5,632,410,497
TreeHouse Consultancy LLC	-	-	-	347,242	322,886	181,170,386	181,840,494	181,840,494
SYS Egypt for Information Technology Services	13,470,052	6,474,143	10,558,233	5,272,367	-	-	35,774,795	35,774,795
SYS Bahrain for Information Technology W.L.L.	105,062,790	48,768,412	-	-	-	-	153,831,202	153,831,202
SYS Information Technology Malaysia SDN.BHD	4,835,218	3,817,814	-	-	-	-	8,652,232	8,652,231
Other Related Parties								
AIClose LLC	-	56,089,752	123,482,880	-	-	-	179,572,632	318,976,658
PartnerLinQ Inc.	472,230,239	-	-	-	-	-	472,230,239	577,215,423
Visionet Canada Inc.	2,483,478	1,876,253	1,407,001	2,916,765	1,831,944	3,727,434	14,222,895	14,222,895
Visionet EMEA Limited (UK)	269,338,391	185,802,677	-	-	-	136,800	455,077,908	630,839,261
Visionet Systems Inc.	3,316,367,457	-	-	-	-	-	3,316,367,457	3,541,362,881
Visionet Deutschland GmbH	308,503,838	188,565,138	15,257,368	-	-	-	512,326,343	512,326,343
	8,357,699,187	3,527,938,836	2,054,654,860	1,408,415,036	1,135,178,649	1,241,429,877	17,725,314,454	

SYSTEMS LIMITED

**NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION
FOR THE PERIOD OF NINE MONTHS ENDED SEPTEMBER 30, 2025**

	Note	September 30,	December 31,
		2025 Rupees	2024 Rupees
14.2 Allowance for ECL			
As at January 01		399,594,215	226,536,797
Expense for the period / year		62,319,355	200,329,857
Balances written off during the period / year		(200,193,180)	(27,572,438)
Closing balance	(14.2.1)	171,719,390	399,504,215

14.2.1 These include allowance for ECL against receivables from the related parties amounting to Rs. 11.14 million (December 31, 2024: Rs 113.04 million).

14.3 The maximum aggregate balances due from related parties by reference to any month-end, are disclosed in Note 14.1.

	Note	September 30,	December 31,
		2025 Rupees	2024 Rupees
15 LOANS, ADVANCES AND OTHER RECEIVABLES			
Current maturity of long term loans	(10.1)	260,222,586	229,302,672
Advances to staff against:			
salary	(15.1)	188,863,487	155,240,110
expenses		98,524,308	144,269,869
287,387,793		299,500,369	
Advances to suppliers - against goods and services		57,461,458	131,128,327
		605,081,837	659,940,568
Loans to related parties		892,988,338	743,225,773
Elimination on account of Joint Operation	(15.2)	(436,562,347)	(508,209,236)
	(15.3)	258,425,991	235,011,538
Other receivables from subsidiaries:			
National Data Consultant (Private) Limited-Pakistan (NdcTech)		107,332,548	1,093,700,764
National Data Consultancy FZE		105,275,997	35,731,300
Systems Ventures (Private) Limited		498,197,752	299,339,506
Systems Africa for Information Technologies Pty. Ltd.		247,505	6,721,750
Systems APAC for Information Technology Pty. Ltd.		67,957,643	-
Systems Arabia for Information Technology		288,296,477	618,214,041
SYS Egypt for Information Technology Services		7,878,356	-
Systems Australia for Information Technology Pty. Limited		43,221,543	91,469,360
Systems International IT Pty. Ltd.		911,839	662,833
TechVista Systems FZ-LLC		3,480,153	-
TechVista Information Technology W.L.L. Qatar-TVSIQ		167,305,744	-
SYS Information Technology Malaysia SDN BHD		7,220,214	-
Sys Bahrain for Information Technology W.L.L.		22,799,247	32,380,881
	(15.4) & (15.7)	1,280,138,518	2,178,420,487
Other receivables from other related parties:			
Visionet Deutschland GmbH		72,932,064	34,474,641
Visionet Systems Incorporation		35,854,546	-
Alclosa LLC		1,549,175	-
Visionet Canada Incorporation		846,196	50,142
PartnerLink Incorporation		15,292,479	9,339,875
	(15.5)	126,474,481	43,664,658
		2,268,100,907	3,117,237,301

15.1 This included advance given to the chief operating officer of the Company amounting to Nil (December 31, 2024: Rs 5.20 million).

15.2 This represents loan provided to iUS Joint Venture (Private) Limited for meeting working capital requirements. This amount is unsecured and carries interest at one-year KBOR per annum (for the year ended December 31, 2024: one-year KBOR per annum) on the outstanding loan balance at the end of each month. The effective mark up rate charged during the period ranges from 11.23% to 12.41% per annum (for the year ended December 31, 2024: 12.35% to 21.7% per annum).

	Note	September 30,	December 31,
		2025 Rupees	2024 Rupees
15.3 This includes loans provided to the following related parties:			
E-Processing Systems (Private) Ltd	(15.3.1)	255,821,736	227,556,284
SUS-JV (Private) Limited	(15.3.2)	604,255	7,455,254
		256,425,991	235,011,538

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15.3.1 This represents loan provided to E-Processing Systems (Private) Limited for meeting working capital requirements. The loan is unsecured and carries mark-up at one-month KIBOR per annum (for the year ended December 31, 2024: one-month KIBOR per annum) on the outstanding loan balance. Disbursements of principal are payable within one year and mark-up is payable on quarterly basis. The effective mark up rate charged during the period ranges from 11.23% to 12.41% per annum (for the year ended December 31, 2024: 12.33% to 21.7% per annum).

	September 30, 2025	December 31, 2024
	Rupees	Rupees
Opening balance	227,556,254	236,257,805
Loan provided during the period / year	22,425,452	7,488,479
Interest accrued during period / year	58,160,000	36,170,000
	<hr/>	<hr/>
	308,161,736	279,896,254
Expected Credit Loss	(52,340,000)	(52,340,000)
Closing balance	<hr/>	<hr/>
	255,821,736	227,556,254

15.3.2 This represents loan provided to SUS JV (Private) Limited for meeting working capital requirements. The loan is unsecured and carries mark-up at one-month KIBOR per annum (for the year ended December 31, 2024: one-month KIBOR per annum) on the outstanding loan balance. Disbursements of principal were payable within one year and mark-up was payable on quarterly basis. The effective mark up rate charged during the period ranges from 11.23% to 12.41% per annum (for the year ended December 31, 2024: 12.33% to 21.7% per annum).

	For the period of nine months ended September 30, 2025	For the year ended December 31, 2024
	Rupees	Rupees
15.3.3 The maximum aggregate amount outstanding by reference to month-end balances was as follows:		
E-Processing Systems (Private) Ltd	255,821,736	279,896,254
SUS-JV (Private) Limited	6,646,889	19,540,484
15.4 These primarily represent other receivables from group entities against expenses incurred on behalf of them and are unsecured. Interest is charged at one month Kibor plus 1% per annum (for the year ended December 31, 2024: Kibor plus 1% per annum). The effective mark up rate charged during the period ranges from 12.23% to 13.41% per annum (for the year ended December 31, 2024: 13.33% to 22.7% per annum).		
15.5 These represent other receivables from other related parties against expenses incurred on behalf of them. These are provided in the ordinary course of business and carry no interest.		
	For the period of nine months ended September 30, 2025	For the year ended December 31, 2024
	Rupees	Rupees

15.6 The maximum aggregate amount outstanding by reference to month-end balances was as follows:

National Data Consultant (Private) Limited-Pakistan (NdcTech)	591,181,363	1,438,272,170
National Data Consultancy FZE	105,275,697	139,801,748
Systems Ventures (Private) Limited	498,197,753	299,338,506
Systems Africa for Information Technologies Pty. Ltd.	247,505	13,509,890
Systems APAC for Information Technology Pte. Ltd.	109,031,169	45,201,985
Systems Arabia for Information Technology	698,595,087	677,750,445
SYS Egypt for Information Technology Services	12,517,306	2,912,144
Systems Australia for Information Technology Pty. Limited	83,064,088	91,558,279
Systems International IT Pte. Ltd.	911,839	883,112
TechVista Systems FZ-LLC	3,493,153	-
TechVista Information Technology W.L.L. Qatar-TVSO	167,305,744	-
SYS Information Technology Malaysia SDN BHD	7,220,214	-
Sys Bahrain for Information Technology W.L.L.	64,275,931	32,380,881
Visionet Deutschland GmbH	72,932,064	34,474,541
Visionet Systems Incorporation	35,854,546	-
Atclose LLC	1,549,178	-
Visionet Canada Incorporation	846,196	50,142
PartnerLink Incorporation	15,292,479	9,339,675

15.7 Other receivables from subsidiaries - subject to ECL

National Data Consultant (Private) Limited-Pakistan (NdcTech)	507,176,837	344,973,265
Allowance for ECL	344,973,265	-
As at January 01	162,203,359	344,973,265
Expense for the period / year	507,176,837	344,973,265

Closing balance

SYSTEMS LIMITED
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FOR THE PERIOD OF NINE MONTHS ENDED SEPTEMBER 30, 2025**

15.8 The aging analysis of these balances are as follows:

	September 30, 2025		December 31, 2024	
	Less than one year	More than one year	Less than one year	More than one year
National Data Consultant (Private) Limited-Pakistan (NdcTech)	211,242,576	403,268,804	110,293,855	1,328,380,394
National Data Consultancy FZE	20,995,640	84,290,057	19,976,685	15,754,865
Systems Ventures (Private) Limited	198,658,246	299,339,506	297,401,875	1,937,831
Systems Africa for Information Technologies Pty. Ltd.	247,505	-	6,721,750	-
Systems APAC for Information Technology Pte. Ltd.	67,937,643	-	-	-
Systems Arabia for Information Technology	248,296,477	-	278,123,149	340,080,592
SYS Egypt for Information Technology Services	5,559,815	2,319,041	-	-
Systems Australia for Information Technology Pty. Limited	43,221,943	-	56,030,541	35,439,810
Systems International IT Pte. Ltd.	-	911,835	962,835	-
TechVista Systems FZE-LLC	3,483,153	-	-	-
TechVista Information Technology W.L.L. Qatar-TVSG	187,305,744	-	-	-
SYS Information Technology Malaysia SDN BHD	7,220,214	-	-	-
Sys Bahrain for Information Technology W.L.L.	22,799,347	-	32,380,881	-
SUS-JV (Private) Limited	-	-	7,455,254	-
Visionet Deutschland GmbH	91,231,950	11,700,114	11,274,067	23,200,784
Visionet Systems Incorporation	35,854,546	-	-	-
Asclose LLC	1,549,176	-	-	-
Visionet Canada Incorporation	848,106	-	50,142	-
PartnerLinQ Incorporation	5,952,804	9,339,875	9,339,875	-
	1,102,632,875	811,156,841	829,910,499	1,744,803,185

	September 30,		December 31,	
	Note	2025	2024	Rupees

16. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Security deposits	89,734,586	85,841,377
Prepayments	298,397,241	428,369,780
	388,131,927	524,410,757
Less: Allowance for ECL	(2,720,000)	(2,220,000)
	385,411,927	522,190,757

17. SHORT TERM INVESTMENTS

Fair value through profit or loss			
Mutual fund units	(17.1)	1,079,596,048	2,764,394,387
Amortized cost			
Term deposit receipts (TDRs)			
Habib Metropolitan Bank Limited	(17.2)	77,382,800	177,382,800
		1,152,978,848	2,941,777,167

SYSTEMS LIMITED

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FOR THE PERIOD OF NINE MONTHS ENDED SEPTEMBER 30, 2025

	Note	September 30, 2025	December 31, 2024
		Rupees	Rupees
17.1 The details of investments in mutual funds are as follows:			
Pak Qatar Asset Management Fund			
Number of units: 4,362,042 (December 31, 2024: Nil)		506,356,373	-
Faydal Halal Amdani Fund			
Number of units: 11,457,621 (December 31, 2024: Nil)		569,238,675	-
Lakson Islamic Money Market Fund			
Number of units: Nil (December 31, 2024: 909,305)		-	100,000,000
Mezzan Balanced Fund			
Number of units: Nil (December 31, 2024: 5,178)		-	122,718
Mezzan Rozana Amdani Fund			
Number of units: Nil (December 31, 2024: 792)		-	39,824
NBP Islamic Income Fund			
Number of units: Nil (December 31, 2024: 604)		-	8,556
NBP Islamic Samaya Izafa Fund			
Number of units: Nil (December 31, 2024: 18,483)		-	904,527
HLI Islamic Money Market Fund			
Number of units: Nil (December 31, 2024: 5,034,611)		-	551,381,892
Mezzan Islamic Fund			
Number of units: Nil (December 31, 2024: 2,054)		-	252,085
AL Habb Islamic Cash Fund			
Number of units: Nil (December 31, 2024: 1,390,481)		-	150,023,838
AWT Islamic Income Fund			
Number of units: Nil (December 31, 2024: 1,304,114)		-	150,204,094
Altalah Islamic Money Market Fund			
Number of units: Nil (December 31, 2024: 5,575,713)		-	608,513,798
MCB Alhamra Cash Management Fund			
Number of units: Nil (December 31, 2024: 3,428,097)		-	372,875,509
MCB Alhamra Islamic Money Market Fund			
Number of units: Nil (December 31, 2024: 507)		-	50,423
Mezzan Islamic Income Fund			
Number of units: Nil (December 31, 2024: 105)		-	5,981
JS Islamic Money Market Fund			
Number of units: Nil (December 31, 2024: 1,440,092)		-	150,043,203
Adaa Islamic Money Market Fund			
Number of units: Nil (December 31, 2024: 274,130)		-	150,000,000
NBP Islamic Daily Dividend Fund			
Number of units: Nil (December 31, 2024: 8,903)		-	89,032
NBP Islamic Stock Fund			
Number of units: Nil (December 31, 2024: 7,849)		-	173,041
Mezzan Cash Fund			
Number of units: Nil (December 31, 2024: 1,807,412)		-	100,116,578
NBP Islamic Money Market Fund			
Number of units: Nil (December 31, 2024: 319)		-	3,520
ABL Islamic Cash Fund			
Number of units: Nil (December 31, 2024: 102,092)		-	1,021,229
ABL Islamic Income Fund			
Number of units: Nil (December 31, 2024: 924)		-	10,445
Faydal Islamic Cash Fund			
Number of units: Nil (December 31, 2024: 3,982,874)		-	430,841,875
ABL Islamic Stock Fund			
Number of units: Nil (December 31, 2024: 3,255)		-	87,363
Altalah Islamic GHP Islamic Income Fund			
Number of units: Nil (December 31, 2024: 10)		-	1,130
UBL Al Amwaan Islamic Asset Allocation Fund			
Number of units: Nil (December 31, 2024: 197)		-	3,607
Altalah Islamic Rozana Amdani Fund Class A			
Number of units: Nil (December 31, 2024: 222)		-	22,309
		1,075,596,048	2,764,394,367

17.2 These carried markup at rates ranging from 8.31% to 11.40% (for the year ended December 31, 2024: 10.62% to 19.50%) per annum and had maturities of 30-90 days from the date of initial recognition.

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NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION
FOR THE PERIOD OF NINE MONTHS ENDED SEPTEMBER 30, 2025

	Note	September 30, 2025	December 31, 2024
		Rupees	Rupees
18 CASH AND BANK BALANCES			
Cash in hand		1,169,967	1,27,070
Cheques in hand		-	90,182,250
Balances with banks:			
Local currency:			
Current accounts		193,571,066	288,790,168
Savings accounts	(18.1)	2,438,987,168	897,842,988
Foreign currency:			
Current accounts		2,632,558,234	1,186,639,174
		623,444,486	212,751,100
		3,457,172,687	1,469,599,594
18.1 These carry markup at the rate of 6.00% to 9.5% per annum (for the year ended December 31, 2024: 6.00% to 20.51% per annum).			
18.2 Cash and cash equivalents			
Cash and bank balances	(18)	3,457,172,687	1,489,699,594
Short term investments	(17)	77,382,800	100,000,000
		3,534,555,487	1,589,699,594
19 SHARE CAPITAL			
19.1 Authorized share capital			
September 30, 2025		September 30, 2025	December 31, 2024
(Number of shares)			(Rupees)
2,000,000,000		4,000,000,000	4,000,000,000
19.2 Issued, subscribed and paid-up share capital			
September 30, 2025		September 30, 2025	December 31, 2024
(Number of shares)			(Rupees)
595,988,380	591,488,630	1,191,886,750	1,182,073,250
814,331,515	814,331,515	1,628,663,230	1,628,663,230
59,112,500	59,112,500	118,226,000	118,226,000
1,464,442,495	1,464,930,745	2,938,884,989	2,929,661,489
19.2.1 Reconciliation of ordinary shares			
For the period of nine months ended September 30, 2025	For the year ended December 31, 2024	For the period of nine months ended September 30, 2025	For the year ended December 31, 2024
(Number of shares)			Rupees
1,464,930,745	1,457,108,995	Ordinary shares of Rs. 2 each issued as fully paid shares till January 01	2,929,661,489
4,511,750	7,823,750	Ordinary shares of Rs. 2 each issued under the employees stock option scheme during the period / year (Refer Note 20.2)	9,020,500
1,464,442,495	1,464,930,745		15,647,500
			2,938,884,989
19.2.2 The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All shares rank equally with regard to the Company's residual assets.			
19.3 During the period, the Company sub-divided each ordinary share of Rs. 10 into five ordinary shares of Rs. 2 each. Accordingly, the number of authorised and issued shares has been adjusted in both current and comparative periods to reflect the revised share denomination. This change has no impact on the aggregate amount of authorised or paid-up share capital.			
20 CAPITAL RESERVES			
Share premium reserve	(20.1)	5,894,104,045	5,433,976,281
Employee compensation reserve	(20.2)	806,767,367	788,101,048
		6,800,871,432	6,200,077,327

SYSTEMS LIMITED

**NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION
FOR THE PERIOD OF NINE MONTHS ENDED SEPTEMBER 30, 2025**

29.1 This reserve shall be utilized only for the purpose as specified in section 81(2) of the Companies Act, 2013.

29.2 This represents balance amount after exercise of share options by the employees under the Employee Stock Option Scheme approved by the SECP. According to the scheme, 100% options become exercisable after completion of vesting period from the date of grant. The options have a vesting period of 2 years and an exercise period of 3 years from the date the option is vested.

29.2.1 The following table illustrates the number and weighted average exercise prices of, and movements in, share options during the year:

	For the period of nine months ended September 30, 2025		For the year ended December 31, 2024	
	Weighted average exercise price Rupees	Number of options Number	Weighted average exercise price Rupees	Number of options Number
Outstanding at January 01	73.42	33,210,505	69.20	28,157,185
Granted during the period / year:				
stock options awarded in April 2023	-	-	-	-
stock options awarded in March 2024	-	-	65.00	14,679,570
stock options awarded in December 2024	-	-	75.40	250,000
stock options awarded in March 2025	91.42	8,177,500		
Forfeited share options	71.18	(1,137,500)	62.00	(2,082,500)
Exercised during the period / year:				
stock options awarded in 2020 ¹	-	-	-	-
stock options awarded in March 2021 ²	34.62	(55,000)	34.60	(3,765,685)
stock options awarded in September 2021 ³	49.72	(205,000)	49.80	(352,500)
stock options awarded in March 2022 ⁴	57.84	(1,440,000)	57.80	(2,711,815)
stock options awarded in August 2022 ⁵	52.72	(90,000)	52.80	(900,750)
stock options awarded in August 2023 ⁶	75.98	(2,711,750)	-	-
Outstanding at December 31	78.29	35,748,755	73.42	33,210,505
Vested and exercisable at September 30	87.47	13,819,185	56.00	7,158,435

1. The weighted average share price at the date of the exercise of these options was Nil (2024: Nil).

2. The weighted average share price at the date of the exercise of these options was Rs 103.65 (2024: 99.90).

3. The weighted average share price at the date of the exercise of these options was Rs 106.52 (2024: 86.26).

4. The weighted average share price at the date of the exercise of these options was Rs 107.72 (2024: 88.79).

5. The weighted average share price at the date of the exercise of these options was Rs 108.39 (2024: 101.57).

6. The weighted average share price at the date of the exercise of these options was Rs 101.65 (2024: Nil).

29.2.2 The weighted average remaining contractual life for the share options outstanding as at September 30, 2025 is 3.15 years (December 31, 2024: 3.48 years).

29.2.3 The weighted average fair value of options granted during the period was Rs 45.01 (for the year ended December 31, 2024: Rs 171.89).

29.2.4 The range of exercise prices for options outstanding at the end of the Period is Rs 34.62 to Rs 75.98 (December 31, 2024: Rs 173.1 to Rs 397.17).

29.2.5 The following table lists the inputs to the model used for the plan:

	For the period of nine months ended September 30, 2025		For the year ended December 31, 2024	
	Dividend yield	1.26%	1.41%	Expected volatility
Expected volatility		30%	29% - 30%	
Risk-free interest rate		11.68%	17.24% & 12.36%	
Expected life of share options (years)		2.46	2.30 to 2.38	
Weighted average share price		Rs. 112.36	Rs. 380.94 & Rs. 502.77	
Model used		Black Scholes	Black Scholes	

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

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NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION
FOR THE PERIOD OF NINE MONTHS ENDED SEPTEMBER 30, 2025

21 LEASE LIABILITIES	September 30, 2025		December 31, 2024	
	Lease Rentals	Finance cost for future periods	Principal outstanding	Rupees
Present value of lease rentals			331,096,184	451,053,321
Less: Current portion shown under current liabilities			(144,634,169)	(158,971,560)
			186,462,024	292,081,761
Not later than one year	September 30, 2025		December 31, 2024	
	Lease Rentals	Finance cost for future periods	Principal outstanding	Rupees
	178,584,323	35,930,183	144,634,180	
Later than one year but not later than five years	203,545,772	17,083,748	186,462,024	
	382,110,095	51,013,911	331,096,184	
Not later than one year	September 30, 2025		December 31, 2024	
	Lease Rentals	Finance cost for future periods	Principal outstanding	Rupees
	203,231,522	44,259,962	158,971,560	
Later than one year but not later than five years	327,872,001	35,790,240	292,081,761	
	531,103,523	80,050,202	451,053,321	

Set out below are the carrying amounts of lease liabilities and the movements during the year:

Note	September 30, 2025		December 31, 2024	
	Rupees	Rupees	Rupees	Rupees
As at January 01			451,053,321	580,300,133
Accretion of interest			35,172,561	62,375,442
Payments			(153,129,686)	(181,825,254)
			331,096,184	451,053,321

Salient features of the leases are as follows:

Discounting rate	September 30, 2025		December 31, 2024	
	For the period of nine months ended: September 30, 2025	Rupees	For the year ended: December 31, 2024	Rupees
Period of lease	9.7% - 15.36%	48-120 months	9.7% - 15.36%	48-120 months

21.1 Amount recognized in unconsolidated statement of profit or loss:

The following are the amounts recognized in profit or loss:			
Interest expense on lease facilities		35,172,561	62,375,442
Expenses relating to short term leases		82,449,349	103,811,721
Total amount recognized in profit or loss		117,621,910	165,987,163

21.2 Cash outflow for leases

The Company had total cash outflows for leases of Rs 237.56 million (for the year ended December 31, 2024: Rs 255.27 million).

22 TRADE AND OTHER PAYABLES	September 30, 2025		December 31, 2024	
	Note	Rupees	Rupees	Rupees
Creditors	(22.1)	430,630,243	362,588,624	
Accrued liabilities	(22.2)	2,687,117,852	2,670,178,561	
Provident fund contribution payable	(22.3)	75,647,462	90,243,169	
Withholding income tax payable		410,883,607	340,274,219	
Sales tax payable		259,321,498	279,319,282	
Payable to related parties	(22.4)	4,407,222,579	3,774,400,234	
Subscription money payable		5,787,986	5,788,886	
		8,478,621,227	7,527,782,886	

22.1 These are non-interest bearing, are in normal course of business and are normally settled on terms of between 30 and 60 days.

22.2 This includes NRI (December 31, 2024: Rs 1.8 million) payable to directors of the Company for attending board meetings.

22.3 All investments out of provident fund have been made in the listed equity and listed debt securities in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for the purpose.

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NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION
FOR THE PERIOD OF NINE MONTHS ENDED SEPTEMBER 30, 2025

	Note	September 30,	December 31,
		2025 Rupees	2024 Rupees
22.4	This includes payable to the following related parties:		
	TechVista Systems FZ-LLC	4,225,370,188	3,303,548,197
	Valonet Systems Incorporation	-	241,069,782
	Techvista Information Technology W.L.L. Qatar TVSQ	-	15,696,911
	Systems APAC for Information Technology Pte. Ltd	-	116,125,096
	Sys Egypt for Information Technology Services	-	4,148,897
	Valonet EMEA Limited (UK)	182,719,179	50,807,053
	National Data Consultancy FZE	1,133,314	-
	Systems Arabia for Information Technology	-	-
	National Data Consultant (Private) Limited-Pakistan (NdcTech)	-	-
	Systems Australia for Information Technology PTY Ltd	-	-
	AtClose LLC	-	1,318
	(22.4.1)	4,407,222,879	3,774,400,234

22.4.1 These represent payable to related parties against expenses incurred by them on behalf of the Company. These are in the ordinary course of business and carry no interest.

	Note	September 30,	December 31,	
		2025 Rupees	2024 Rupees	
23. CONTRACT LIABILITIES				
	Contract Liabilities	(23.1)	668,932,272	
23.1	These represent mobilization and other advances received from the customers against professional / software development services, licenses, license support services and other fees to be adjusted with the satisfaction of contracts.			
	Note	September 30,	December 31,	
		2025 Rupees	2024 Rupees	
24. SHORT TERM BORROWINGS FROM FINANCIAL INSTITUTIONS				
Secured				
	Export Finance Scheme (EFS)			
	Habib Metropolitan Bank Limited	(24.1)	999,999,764	
	Habib Bank Limited	(24.2)	124,998,998	
	Bank Al Habib Limited	(24.3)	495,080,825	
			1,520,079,587	
			1,279,799,247	

24.1 This represents Islamic export finance scheme (IEFS) obtained during the year against sub-limit of Islamic export re-finance (IERF) of Rs 2,000 million to facilitate export business. The rate of mark up is SBP EFS rate for tenor upto 90 days which is 3% per annum. These borrowings are secured against first part passu hypothecation charge of Rs 2,950 million over current assets and a lien over import documents.

24.2 This represents Export Finance Scheme (EFS) availed as a sub-limit against the aggregate sanctioned limit of Rs 700 million obtained to meet the working capital requirements, primarily for execution / facilitation of export orders and other day to day expenses. The rate of mark up is SBP EFS rate for tenor upto 90 days which is 3% per annum. These borrowings are secured against lien on export contracts with 10% margin and first part passu charge on present and future current assets amounting to PKR 904 million.

24.3 This represents Islamic export finance scheme (IEFS) obtained against the aggregate sanctioned limit of Rs 300 million to meet working capital requirements of the Company. The rate of mark up is SBP EFS rate for tenor upto 90 days is 3% per annum and above 90 days is 2.5% per annum. These borrowings are secured against ranking hypothecation charge over current assets of the Company amounting Rs 657 million with a 25% margin registered with SECP.

	Note	September 30,	December 31,
		2025 Rupees	2024 Rupees
	Advances from staff	25.1	5,695,667
			5,171,458

25.1 These represent advances received from staff and will be adjusted as per Company's car policy against sale of vehicles.

SYSTEMS LIMITED
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION
FOR THE PERIOD OF NINE MONTHS ENDED SEPTEMBER 30, 2025

26 CONTINGENCIES AND COMMITMENTS

26.1 Contingencies

INCOME TAX

26.1.1 Proceedings under section 4C of the Ordinance - Tax year 2023

The Deputy Commissioner Inland Revenue Zone - IV, Unit - 24, LTO Lahore (DCIR) issued a show cause notice, whereby it had been alleged that the company had failed to discharge its tax liability in terms of section 4C of the Ordinance. The company duly replied to the notice. Based on the reply submitted by the company, the learned DCIR passed an order dated January 23, 2025, under section 4C of the Ordinance, through which an income tax demand of Rs. 74,708,452 was raised against the company. The company, feeling aggrieved by the said order, filed an appeal before the honorable ATIR. The company's appeal has been heard for order by the honorable ATIR and, we consider that reasonable grounds exist on basis of which the matter may be decided in favor of the company.

SALES TAX

26.1.2 Tax Period from January 2016 to December 2016

The Company was selected for Sales Tax Audit through computer ballot for the tax period January 2016 to December 2016 and on the basis of audit proceedings, the DCIR passed order dated July 30, 2020 under section 11(2) of the Sales Tax Act, 1990 on various issues including suppression of sales, non-chargeability of sales tax on advance from customers, other income, late filing of sales tax returns etc. and created impugned sales tax demand amounting to Rs 655.84 million. Being aggrieved, the Company preferred an appeal before the CIR(A).

During the year 2021, the CIR(A) vide order dated January 29, 2021 annulled the demand of Rs 651.44 million with the direction to reassess the matters and confirmed the balance demand of Rs 3.70 million against which the Company has preferred an appeal before ATIR. Based on the view of its legal counsel, the management expects a favorable outcome in this regard.

26.1.3 Tax demand regarding debit credit note discrepancy (Tax period July 2022 To April 2024)

During the year, the Company received a notice from the Assistant Commissioner, Sindh Revenue Board through which it was alleged that the Company has issued credit notes for which the respective service recipients have not issued corresponding debit notes during the period July 2022 to April 2024, resulting in an alleged tax demand amounting to PKR 25,804,821. The Company has submitted its response along with documentary evidence through letter no. T-1230 dated June 14, 2024 and letter no. 1-006 dated July 11, 2024. To date, no further correspondence has been received from the department.

26.1.4 Remand back proceedings - inadmissible input tax and evasion of output tax - (Tax periods March 2013 - June 2015)

During the year, the Company received a Notice No. 23853 dated June 16, 2025, through which Remand back proceedings were initiated by the Deputy Commissioner Inland Revenue pursuant to Appellate Order No. 08/A-IV dated January 25, 2019, passed by the CIR (Appeals). In response, the Company submitted its reply via Letter No. T-533 dated February 13, 2025, requesting that, party-wise data be specifically confronted, in accordance with the directions of the CIR (Appeals), to ensure a fair and adequate opportunity of being heard.

Thereafter, the Company furnished all requisite supporting data required by the department vide office letters T-795 dated April 25, 2025, T-847 dated May 02, 2025, T-893 dated May 18, 2025 in order to facilitate the department in making specific instances of alleged default. Despite the Company's cooperation, the department did not adhere to the appellate directions, nor did it properly evaluate the facts and evidence submitted. Consequently, an assessment order was passed via notice no. C.No. 24702 dated June 25, 2025 raising a sales tax demand of PKR 27,430,607 and penalty of PKR 1,371,530.

Being aggrieved by the order, the company filed an appeal before CIR (Appeals). A hearing was held with CIR (Appeals) in November 04, 2025, the order of which is now awaited. At this point in time, we are not expecting any potential tax liability which may arise on the conclusion of the proceeding.

26.2 Commitments

26.2.1 Guarantees issued by the financial institutions on behalf of the Company amount to Rs. 864.32 million (December 31, 2024: Rs. 682.28 million). This includes guarantees of Rs 77.38 million (December 31, 2024: Rs 77.38 million) given on behalf of UUS Joint Venture (Private) Limited, a joint venture of the Company.

26.2.2 The Company has commitments in respect of short-term leases of Rs 26.04 million (December 31, 2024: Rs 43.40 million).

26.2.3 The Company has availed facilities for opening letters of credits amounting to Nil (December 31, 2024: Rs. 18.70 million) as at year end. These are secured by ten over import documents.

SYSTEMS LIMITED

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27 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET

27.1 Disaggregated Revenue Information

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

Type of goods or services	Note	For the period of nine months ended September 30, 2025		
		Export	Local	Total
Rupees				
Outsourcing services:				
Business process outsourcing		930,269,311	616,517,029	1,546,786,350
IT services		24,513,150,823	3,490,566,279	28,003,702,102
Software and hardware trading		88,565,468	2,238,845,887	2,327,214,355
Software implementation		107,888,810	2,063,044,000	2,170,933,810
Less: Sales tax	(27.1.1)	-	(988,604,984)	(988,604,984)
Total revenue from contracts with customers		25,839,875,212	7,422,181,207	33,062,036,419
 Timing of revenue recognition - net				
Goods and services transferred at a point in time		88,565,468	2,215,275,973	2,303,841,441
Goods and services transferred over time		25,551,309,744	5,206,865,234	30,758,194,978
Total revenue from contracts with customers		25,839,875,212	7,422,181,207	33,062,036,419
 For the year ended December 31, 2024				
Type of goods or services		For the year ended December 31, 2024		
		Export	Local	Total
Rupees				
Outsourcing services:				
Business process outsourcing		853,079,356	685,925,314	1,639,015,270
IT services		28,639,792,160	3,480,026,370	32,089,816,530
Software and hardware trading		231,219,315	3,573,828,426	3,805,047,741
Software implementation		428,712,096	1,590,156,011	2,018,866,107
Less: Sales tax	(27.1.1)	-	(1,034,766,096)	(1,034,766,096)
Total revenue from contracts with customers		30,252,803,527	8,274,180,025	38,526,983,552
 Timing of revenue recognition - net				
Goods and services transferred at a point in time		223,204,524	2,341,477,548	2,564,682,772
Goods and services transferred over time		30,029,598,603	5,932,702,177	35,962,300,780
Total revenue from contracts with customers		30,252,803,527	8,274,180,025	38,526,983,552

27.1.1 This represents sales tax chargeable under provincial and federal sales tax laws on revenue as defined under relevant laws.

27.2 The amount of revenue recognized from amounts included in contract liabilities at the beginning of the period / year was Rs 852.68 million (For the year ended December 31, 2024: Rs 31.81 million).

27.3 Transaction prices of remaining performance obligations

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) is as follows:

	For the period of	
	nine months ended	For the year ended
Within one year	September 30, 2025	December 31, 2024
	Rupees	Rupees
Within one year	1,526,316,408	1,709,690,754

27.4 The Company makes sales against credit terms. In case of credit sales for all revenue streams, payment is generally due within 90-120 days from the date of billing to the customer.

SYSTEMS LIMITED
**NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION
FOR THE PERIOD OF NINE MONTHS ENDED SEPTEMBER 30, 2025**

28 COST OF REVENUE	Note	For the period of nine months ended September 30, 2025		For the year ended December 31, 2024
		Rupees	Rupees	
Salaries, allowances and amenities	(28.1)	19,482,227,387	22,922,017,823	
Purchase of software and hardware		2,159,759,903	2,717,636,230	
Technical consultancy		482,189,802	471,082,507	
Printing and stationery		20,383,232	942,082	
Computer supplies		12,522,866	23,049,328	
Rent, rates and taxes		51,975,832	58,375,400	
Electricity, gas and water		106,767,145	186,968,588	
Traveling and conveyance		140,817,505	217,944,246	
Repairs and maintenance		10,300,908	7,763,897	
Postage, telephone and telegrams		125,046,133	210,595,758	
Vehicle running and maintenance		544,679,190	719,315,013	
Entertainment		46,352,855	2,988,947	
Fee and subscriptions		547,298,804	820,445,351	
Insurance		15,754,065	18,424,250	
Depreciation of property and equipment	(6.1.3)	368,720,468	(33,888,308	
Amortization		-	2,962,704	
Advertisement & publicity		1,608,191	11,800	
Depreciation of right-of-use asset	(9.2)	102,009,454	136,780,483	
Others		19,325,305	6,280,496	
		24,231,709,503	26,965,694,398	

28.1 This includes employee retirement benefit expense amounting to Rs 1,008 million (for the year ended December 31, 2024: Rs 1,991 million) and share-based payment expense amounting to Rs 160.16 million (for the year ended December 31, 2024: Rs 211.89 million).

29 SELLING AND DISTRIBUTION EXPENSES	Note	For the period of nine months ended September 30, 2025		For the year ended December 31, 2024
		Rupees	Rupees	
Salaries, allowances and amenities	(29.1)	527,176,004	583,172,578	
Technical consultancy		17,194,188	3,959,413	
Printing and stationery		407,517	787,374	
Computer supplies		293,063	524,317	
Electricity, gas and water		4,173,051	6,163,258	
Traveling and conveyance		44,987,665	66,170,748	
Repair and maintenance		107,839	125,975	
Postage, telephone and telegrams		3,367,452	5,430,537	
Vehicle running and maintenance		14,431,416	21,045,979	
Insurance		1,161,441	717,442	
Fee and subscriptions		7,126,246	12,930,203	
Shows, seminars and advertising		60,591,318	34,108,338	
Depreciation of property and equipment	(6.1.3)	8,243,163	8,802,740	
Amortization		-	54,824	
Depreciation of right-of-use asset	(9.2)	1,869,851	1,722,000	
Entertainment		5,824,383	2,913,978	
Others		1,750,930	-	
		890,265,535	748,429,704	

29.1 This includes employee retirement benefit expense amounting to Rs 24.42 million (for the year ended December 31, 2024: Rs 24.79 million) and share-based payment expense amounting to Rs 27.38 million (for the year ended December 31, 2024: Rs 16.74 million).

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30 ADMINISTRATIVE EXPENSES	Note	For the period of	
		nine months ended September 30, 2025	For the year ended December 31, 2024
		Rupees	Rupees
Salaries, allowances and amenities	(30.1)	1,264,586,981	1,341,913,319
Printing and stationary		10,320,828	18,193,245
Computer supplies		16,516,441	21,926,043
Rent, rates and taxes		29,878,962	44,948,016
Electricity, gas and water		22,398,929	32,531,653
Traveling and conveyance		39,692,427	74,128,562
Repair and maintenance		45,516,683	135,716,538
Office supplies		31,861,709	52,101,609
Postage, telephone and telegrams		84,860,005	73,860,250
Vehicle running and maintenance		68,464,346	99,863,982
Legal and professional		37,191,988	42,312,561
Auditors' remuneration	(30.2)	15,328,814	23,068,313
Entertainment		20,830,744	10,109,672
Donations	(30.3)	45,964,319	67,722,000
Fee and subscriptions		308,159,295	347,947,746
Insurance		5,208,165	6,798,752
Depreciation of property and equipment	(6.1.1)	82,247,416	102,702,635
Depreciation of right-of-use asset	(9.2)	9,302,529	11,987,685
Amortization		-	322,459
Others		476,093	2,688,109
		2,139,167,872	2,511,514,952

30.1 This includes employees' retirement benefit expense amounting to Rs 55.26 million (for the year ended December 31, 2024: Rs 52.01 million) and share-based payment expense amounting to Rs 116.13 million (for the year ended December 31, 2024: Rs 110.63 million).

30.2 Auditors' remuneration		For the period of	
		nine months ended September 30, 2025	For the year ended December 31, 2024
		Rupees	Rupees
Statutory audit fee		6,300,875	8,723,750
Special purpose audit		4,140,000	-
Half yearly review		2,895,367	1,858,250
Code of corporate governance		-	345,000
Other certifications		-	1,282,982
Tax services		-	9,700,243
Out-of-pocket		1,992,572	1,161,108
		15,328,814	23,068,313

30.3 This includes donations to the following parties:

Pakistan Children's Heart Foundation	9,000,000	12,000,000
Million Smiles Foundation	9,000,000	22,300,000
The Citizens Foundation	4,910,000	-
	22,910,000	34,300,000

The directors of the Company or their spouses do not have any interest in the donees.

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	Note	For the period of nine months ended September 30, 2025		For the year ended December 31, 2024 Rupees
		Rupees	Rupees	
31 RESEARCH AND DEVELOPMENT EXPENDITURE				
Salaries, allowances and amenities	(31.1)	74,234,460	80,111,572	
Technical consultancy		8,664,424	5,527,332	
Printing and stationery		3,500	18,500	
Computer supplies		127,305	107,447	
Electricity, gas and water		582,774	528,650	
Traveling and conveyance		3,070,228	851,755	
Repair and maintenance		13,312	39,297	
Postage, telephone and telegrams		436,422	876,827	
Vehicle running and maintenance		2,518,999	2,191,778	
Insurance		57,845	12,305	
Fee and subscriptions		3,541,845	3,467,385	
Rent, lease and taxes		113,583	88,305	
Depreciation of property and equipment	(6.1.3)	2,055,179	3,080,850	
Amortization		-	21,891	
Depreciation of right-of-use asset	(9.2)	686,534	864,687	
Entertainment		137,895	4,452	
Others		213,344	-	
		34,405,289	87,792,250	

- 31.1 This includes employees retirement benefit expense amounting to Rs 3.05 million (for the year ended December 31, 2024: Rs 3.56 million) and share based payment expense amounting to Rs 1.08 million (for the year ended December 31, 2024: Rs 1.48 million).
- 31.2 Research and development expenditure include costs associated with ongoing projects aimed at developing innovative solutions and enhancing existing technologies.

	Note	For the period of nine months ended September 30, 2025		For the year ended December 31, 2024 Rupees
		Rupees	Rupees	
32 IMPAIRMENT LOSSES ON FINANCIAL ASSETS				
Allowance for ECLs				
Contract assets	(13.1.2)	99,895,151	17,872,766	
Trade debts	(14)	82,318,355	200,329,457	
Loans, advances and other receivables	(15)	162,203,352	364,973,285	
Security deposits		500,000	2,220,000	
		324,916,858	605,195,926	

	Note	For the period of nine months ended September 30, 2025		For the year ended December 31, 2024 Rupees
		Rupees	Rupees	
33 OTHER INCOME				
Profit on deposit accounts		41,381,394	73,167,567	
Profit on term deposit receipts and sukuk		5,020,668	43,889,537	
Income from mutual funds	(33.1)	130,190,381	220,787,150	
Exchange gain / (loss)		282,861,238	(220,091,599)	
Interest income from related parties		302,271,973	759,731,402	
Notional interest on:				
Long term loans		88,314,386	122,019,708	
Long term security deposits		3,327,136	3,558,860	
Gain on disposal of property and equipment	(6.1.4)	12,428,204	11,958,618	
Gain on derivative financial instruments		9,579,533	19,484,138	
Others		18,222,257	4,194,462	
		890,627,188	1,038,497,833	

33.1 This represents the following:			
Dividend income		6,299,595	81,959,308
Gain / (loss) on mutual funds		123,920,788	158,827,842
		130,190,381	220,787,150

	Note	For the period of nine months ended September 30, 2025		For the year ended December 31, 2024 Rupees
		Rupees	Rupees	
34 FINANCE COSTS				
Finance cost on lease liabilities	(21)	35,172,561	62,375,442	
Markup on borrowings		32,363,368	137,872,712	
Guarantee commission		743,719	758,273	
Bank charges		27,201,408	34,375,542	
		95,501,056	235,179,669	

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	Note	For the period of	
		nine months ended September 30, 2025	For the year ended December 31, 2024
		Rupees	Rupees
35. LEVY and TAXATION			
Levy	(35.1)	336,772,735	187,366,105
Taxation	(35.2)	35,254,975	99,010,303
		<u>372,027,710</u>	<u>286,376,408</u>
35.1 Levy			
Current year	(35.4)	336,772,735	344,531,482
Prior year		-	(157,185,357)
		<u>336,772,735</u>	<u>187,366,105</u>
35.2 Taxation			
Current tax for the period / year		35,254,975	62,915,262
Deferred		-	36,095,041
		<u>35,254,975</u>	<u>99,010,303</u>
35.3 Reconciliation of tax charge for the period / year:			
Profit before taxation		8,062,783,033	6,214,307,479
Tax on profit at applicable rates		1,755,307,080	1,802,149,169
Tax effect of income under FTR and MTR		(1,755,307,080)	(1,802,149,169)
Impact of super tax		35,254,975	62,915,262
Deferred tax asset (reversed) / (recognized) during the period / year		-	36,095,041
		<u>35,254,975</u>	<u>99,010,303</u>

35.4 This represents portion of final tax paid under section 154A of the Income Tax Ordinance (ITO, 2001), representing levy in terms of requirements of IFRIC 21/IAS 37.

35.5 The income tax provision for the period of nine months ended September 30, 2025 has been calculated in line with the estimated tax liability for the complete financial year ending December 31, 2024.

35.6 As at 30 September 2025, the Company has not recognized any deferred tax asset of Rs 93.70 million (for the year ended December 31, 2024: Rs. 99.61 million) on total deductible temporary differences of Rs 871.45 million (December 31, 2024: 552.48 million) on account of provisions, employee compensation reserve and other temporary differences as the Company expects that these deductible temporary differences may not be realized in future.

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38. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise subsidiaries, associated companies, companies in which directors are interested, staff retirement funds, directors and key management personnel (Note 37). Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. All transactions with related parties have been carried out in the normal course of business on mutually agreed terms and conditions. Amounts due from and due to related parties are shown under respective notes to the unconsolidated financial statements. Other significant transactions with related parties are as follows:

Undertaking	Relation	Basis of relationship	Nature of transaction	For the period of	
				nine months ended	For the year ended
				September 30, 2025	December 31, 2024
TechnoVista Systems FZ-LLC	Sub-Subsidiary	Wholly owned by subsidiary: Systems International IT Pte, Ltd	Revenue	8,349,890,740	6,972,707,689
			Expenses incurred on behalf of the party by the Company	271,326,606	481,726,148
			Expenses incurred on behalf of the Company by the party	403,492,896	1,183,940,432
			Share options issued to employees of the related party	49,312,942	64,092,568
			Consultancy fee by the party	39,598,464	3,268,781
			Payment of licenses made by the company on behalf of the party	192,534,323	-
			Payment of licenses made by the party on behalf of the company	32,635,812	111,352,368
OneCard Processing Systems (Private) Limited	Associated company	Wholly owned by Associate: E-Processing Systems B.V.	Disbursements against loan	6,259,567	-
			Finance income on loan	22,068,895	-
			Disbursements against loan	-	14,382,444
E-Processing Systems (Private) Limited	Associated company	Wholly owned by Associate: E-Processing Systems B.V.	Receipts against loan	-	28,075,817
			Finance income on loan	-	41,972,291
			Property and equipment sold to the party during the year	-	2,797,524

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Undertaking	Relation	Basis of relationship	Nature of transaction	For the period of	
				nine months ended	For the year ended
				September 30, 2025	December 31, 2024
SUS-JV (Private) Limited	Subsidiary	94.99% owned subsidiary	Disbursement against loan	8,540,768	47,535,157
			Receipts against loan	15,699,589	43,851,039
			Finance income on loan	307,822	3,019,561
Systems Australia for Information Technology Pty Limited	Sub-Subsidiary	Wholly owned by subsidiary: Techdata Systems FZ LLC	Revenue	68,882,929	81,461,229
			Expenses incurred on behalf of the party by the Company	1,898,533	29,497,985
			Expenses incurred on behalf of the Company by the party	-	-
			Share options issued to employees of related party	67,078	8,078,197
			Interest income on advance paid	2,830,852	10,284,251
			Revenue	9,677,996,911	11,491,396,490
Visenet Systems Incorporation - USA	Associated company	Common shareholding of directors	Expenses incurred on behalf of the party by the Company	147,687,923	308,892,792
			Expenses incurred on behalf of the Company by the party	92,091,339	-
			Revenue	623,188,544	839,609,072
Visionet Deutschland GMBH	Associated company	Common shareholding of directors	Expenses incurred on behalf of the party by the Company	56,683,365	11,571,751
			Revenue	1,522,363	5,112,399
			Expenses incurred on behalf of the party by the Company	197,335,883	396,527,700
Systems Ventures (Private) Limited	Subsidiary	Wholly owned	Interest income on advance against shares not issued	-	688,602,840
			Shares issued by the related party on behalf of Systems International IT Pte	-	457,364,976
			Assets transferred to Systems International IT Pte. Ltd on behalf of the party	-	-

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Undertaking	Relation	Basis of relationship	Nature of transaction	For the period of	
				nine months ended	For the year ended
				September 30, 2025	December 31, 2024
Systems Limited Employees' Provident Fund	Staff retirement fund	Staff retirement fund	Contributions by the Company	2,902,532,045	1,394,742,412
			Payments made on behalf of the party by the Company	2,214,938,147	646,870,378
			Rambursements from the party	2,112,000,000	-
TechVisa Information Technology W.L.L.	Subsidiary	Management Control	Revenue	644,375,382	734,320,058
			Share options issued to employees of the related party	1,038,840	1,674,136
			Expenses incurred on behalf of the party by the Company	55,202,642	36,375,085
			Consultancy fee by the party on behalf of the company	-	-
			Expenses incurred on behalf of the Company by the party	29,936,088	37,541,201
Visionet EMEA Limited	Associated company	Common shareholding of directors	Revenue	724,292,119	879,729,876
			Consultancy fee by the party	75,319,161	-
			Expenses incurred on behalf of the party by the Company	5,642,440	8,502,929
			Expenses incurred on behalf of the Company by the party	8,273,312	103,299,299
National Data Consultant (Private) Limited	Subsidiary	Wholly owned	Expenses incurred on behalf of the party by the Company	191,447,888	403,279,298
			Interest income	47,617,699	197,509,127
			Receipts held on behalf of systems Ltd	-	726,032,724
			Expenses incurred on behalf of the Company by the party	-	29,710,489

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Undertaking	Relation	Basis of relationship	Nature of transaction		
				For the period of nine months ended	For the year ended
				September 30, 2025	December 31, 2024
				Rupees	Rupees
Systems Arabia for Information Technology	Sub-Subsidiary	Wholly owned by sub-subsidiary: Systems International IT Pte. Ltd.	Revenue	2,249,346,077	2,507,276,960
			Share options issued to employees of the related party	26,815,544	26,498,983
			Expenses incurred on behalf of the party by the Company	290,168,927	453,464,982
			Expenses incurred on behalf of the Company by the party	16,079,177	12,223,372
			Interest income		98,118,079
			Revenue	24,251,304	381,318
Systems Africa for Information Technologies Pte. Ltd.	Sub-Subsidiary	Wholly owned by sub-subsidiary: Systems International IT Pte. Ltd.	Expenses incurred on behalf of the party by the Company		2,058,978
			Share options issued to employees of the related party		2,123,183
Systems APAC for Information Technology Pte. Ltd.	Sub-Subsidiary	Wholly owned by sub-subsidiary: Systems International IT Pte. Ltd.	Revenue	788,315,126	896,374,527
			Expenses incurred on behalf of the party by the Company	63,521,045	58,983,294
			Share options issued to employees of the related party	1,233,781	1,008,625
			Expenses incurred on behalf of the Company by the party	79,064,334	102,452,034
SYS Egypt for Information Technology Services	Sub-Subsidiary	Wholly owned by sub-subsidiary: Systems International IT Pte. Ltd.	Revenue	6,235,043	36,778,410
			Consultancy fee by the party	9,008,416	18,622,585
			Expenses incurred on behalf of the party by the Company	7,389,935	2,270,021
			Expenses incurred on behalf of Company by the party		
			Share options issued to employees of the related party	2,503,862	2,385,373
National Data Consultancy FZE	Sub-Subsidiary	Wholly owned by sub-subsidiary: Systems International IT Pte. Ltd.	Revenue	477,220,998	789,430,851
			Interest income on advance paid	9,841,962	12,099,667
			Expenses incurred on behalf of the party by the company	63,374,246	7,211,210

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Undertaking	Relation	Basis of relationship	Nature of transaction	For the period of	
				nine months ended	For the year ended
				September 30, 2025	December 31, 2024
				Rupees	Rupees
Visionet Canada Inc.	Associated Company	Common shareholding of directors	Revenue Expenses incurred on behalf of the party by the company	23,769,441 802,950	8,027,621 52,734
Systems Information Technology Malaysia SDN BHD	Sub-subsidiary	Wholly owned by sub-subsidiary: Systems International IT Pte. Ltd.	Revenue Expenses incurred on behalf of the party by the company	61,838,704 7,209,514	8,614,264 -
AtClose	Associated Company	Common shareholding of directors	Revenue Expenses incurred on behalf of the party by the company	- 200,000	310,280,387 -
PartnerLinQ, Inc.	Associated Company	Common shareholding of directors	Revenue Expenses incurred on behalf of the party by the company	1,213,874,631 5,854,170	1,475,750,319 9,327,884
Sys Bahrain for Information Technology WLL	Sub-subsidiary	Wholly owned by sub-subsidiary: Systems International IT Pte. Ltd.	Revenue Interest income on advance paid Expenses incurred on behalf of the party by the company	208,547,346 2,706,303 71,175,193	153,687,552 1,202,726 31,142,804
Directors	Directors	Directors	Meeting fee	8,600,000	5,600,000

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36.1 The Company has entered into transactions, agreements or arrangements in place during the year with the following subsidiaries, joint ventures and associated companies incorporated outside Pakistan:

Name of Company	Country of incorporation	Registered Address	Details	Basis of Association	Percentage of shareholding
Systems Arabia for Information Technology	Kingdom of Saudi Arabia	Ans Ibn Malik Road, Al Malqa, Riyadh		Sub-Subsidiary	-
TechVista Systems FZ- LLC	UAE	TechVista Systems LLC, Office 603, 6th Floor, Exchange Tower, Business Bay, Dubai, UAE		Sub-Subsidiary	-
Systems Australia for Information Technology Pty Limited	Australia	Level 16 1 Market Street Sydney NSW 2000		Sub-Subsidiary	-
Systems APAC for Information Technology Pte. Ltd.	Singapore	30 Cecil Street, #19-08 Prudential Tower, Singapore 049712		Sub-Subsidiary	-
Systems Int'l IT Pte. Ltd.	Singapore	30 Cecil Street, #19-08 Prudential Tower, Singapore 049712		Sub-Subsidiary	-
SYS Egypt for Information Technology Services	Egypt	Building B 2116, the Smart Village, 28 Kms. Cairo-Alexandria Desert Road, Giza, Egypt		Sub-Subsidiary	-
Systems Africa for Information Technologies Pty.	South Africa	Central Office Park No.4, 257 Jean Avenue, Centurion, 0157, PO Box 7750, Centurion, 0046		Sub-Subsidiary	-
National Data Consultancy FZE	UAE	P.O Box 42741, Hamriyah Free Zone, Sharjah, UAE		Sub-Subsidiary	-
Visionair Deutschland GmbH	Germany	Maximilian street 13, 80539, Munchen, Germany		Associate	-
Visionet Systems Inc.	USA	Cedarbrook Corporate Center, 4 Cedarbrook Drive, Bldg. B		Associate	-
Visionet EMEA Limited	UK	Wellington Way, Brocklands Business Park, Weybridge, Surrey KT13 8TT, GB		Associate	-
E-Processing Systems B.V.	Netherlands	Edvard Munchweg 14 B, 1328 MA Almere		Associate	30.9%
TechVista Information	Qatar	TechVista IT WLL, Head Office Palm Towers B, Floor 41, Westbay, Doha, Qatar		Subsidiary	34% shareholding with management control
Visionair Canada Inc.	Canada	2425 Matheson Blvd E, Mississauga, ON L4W5K4, Canada		Associate	-
PartnerLink Inc.	USA	Cedarbrook Corporate Center, 4 Cedarbrook Drive, Bldg. B Cranbury, NJ 08512-3841		Associate	-
AIClose LLC	USA	Cedarbrook Corporate Center, 4 Cedarbrook Drive, Bldg. B Cranbury, NJ 08512-3841		Associate	-
Treehouse Consultancy LLC	UAE	Office No. 3204, Latifa Tower, Sheikh Zayed Road, Dubai, United Arab Emirates		Sub-Subsidiary	-

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36.2 This represents remuneration of the Chief Executive Officer, executive and non-executive directors and some of the executives that are included in the remuneration disclosed in Note 37 to these unconsolidated financial statements.

36.3 The key management personnel with whom the Company had entered into transactions or had arrangements/ agreements in place during the year have been disclosed below:

Name	Designation	% age of shareholding in the Company
Aeezaz Hussain	Director	2.97%
Arshad Meesood	Director	13.09%
Zubyr Soomm	Director	0.00%
Omar Saad	Director	0.00%
Mahreen Rahman	Director	0.00%
Ramana Abdulah	Director	0.00%
Muhammad Asif Peer	Chief Executive Officer	7.06%
Roohi Khan	Chief Financial Officer	0.03%
Asif Akram	Chief Operational Officer	0.13%
Toma Asghar	Chief Human Resource Officer	0.04%

SYSTEMS LIMITED
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION
FOR THE PERIOD OF NINE MONTHS ENDED SEPTEMBER 30, 2025

37 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the unconsolidated financial statements for the period / year for remuneration including certain benefits to the Chief Executive Officer, Directors and Executives of the Company are as follows :

	Chief Executive Officer		Non Executive Directors		Other Executives		
	For the period of nine months ended September 30, 2025	For the year ended December 31, 2024	For the period of nine months ended September 30, 2025	For the year ended December 31, 2024	For the period of nine months ended September 30, 2025	For the year ended December 31, 2024	
Note	(Nos)						
Number of persons	1	1	6	6	4,976	4,744	
			(Rupees)				
Managerial remuneration	101,515,821	121,769,812	-	-	17,434,182,303	19,484,303,352	
Retirement benefits	6,765,014	8,116,385	-	-	1,138,062,562	1,268,854,319	
Bonus	-	-	-	-	514,623,380	448,154,192	
Fees	(37.2)	-	8,600,000	5,600,000	-	-	
	108,280,835	129,886,177	8,600,000	5,600,000	19,096,868,245	21,201,311,883	

- 37.1 In addition to the above remuneration, the Chief Executive Officer and certain executives are also provided with company maintained cars, free medical and mobile phone facilities in accordance with their entitlement. Repair and maintenance expenses for cars provided to the Chief Executive Officer and certain executives amounted to Rs. 1,120,991 (for the year ended December 31, 2024: Rs. 1,358,777).
- 37.2 Fees represent the amounts paid to non executive directors for attending meetings of the Board and its sub-committees.
- 37.3 During the period, the Chief Executive Officer and other executives were granted 2,375,000 (for the year ended December 31, 2024: 2,499,570) and 3,635,000 (for the year ended December 31, 2024: 8,465,000) share options respectively, which have a vesting period of two years and the impact of this benefit during the period for the CEO and other executives recognized by the Company on account of share-based payment plans aggregated to Rs 28.41 million (for the year ended December 31, 2024: Rs 33.09 million) and Rs 43.49 million (for the year ended December 31, 2024: Rs 110.65 million), respectively.
- 37.4 During the current period, the chief executive officer and certain executives of the Company exercised stock option under employee stock option scheme according to which Nil (for the year ended December 31, 2024: 3,000,000) and 3,461,750 (for the year ended December 31, 2024: 3,856,250) shares respectively were issued to them.

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38 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Opening balance as at January 1, 2025	Cash flows	Other changes	Closing balance as at September 30, 2025
Short term borrowings from financial institutions - secured	1,279,799,247	340,260,141	-	1,620,059,388
	Opening balance as at January 1, 2024	Cash flows	Other changes	Closing balance as at December 31, 2024
Short term borrowings from financial institutions - secured	2,119,000,000	(839,200,753)	-	1,279,799,247

During the period, the Company declared final dividend of Rs 1,758.70 million (for the year ended December 31, 2024: Rs. 1,749.02 million) as disclosed in statement of changes in equity against which payment of Rs 1,750.79 million (for the year ended December 31, 2024: Rs. 1,737.36 million) has been made. The remaining amount of Rs. 7.90 million (for the year ended December 31, 2024: Rs. 11.68 million) is transferred to unclaimed dividend as at reporting date.

39 EARNINGS PER SHARE - BASIC AND DILUTED

39.1 Basic earnings per share

Earnings per share is calculated by dividing the net profit for the period by weighted average number of shares outstanding during the period as follows:

	For the nine months period ended September 30, 2025	For the year ended December 31, 2024
	----- Rupees	----- Rupees
Profit for the period / year	6,017,528,058	6,115,297,175
Weighted average number of ordinary shares outstanding during the period / year	1,466,985,476	1,459,998,235
Basic earnings per share (Rupees)	4.10	4.19

39.2 Diluted earnings per share

	For the nine months period ended September 30, 2025	For the year ended December 31, 2024
	----- Rupees	----- Rupees
Profit for the period	6,017,528,058	6,115,297,175
Weighted average number of ordinary shares - basic	1,466,985,476	1,459,998,235
Effect of share options	14,240,341	10,127,040
Weighted average number of ordinary shares - diluted	1,481,225,817	1,470,125,275
Diluted earnings per share (Rupees)	4.06	4.16

39.3 The earnings per share for comparative period has been adjusted to reflect the sub-division of shares. Refer note 19.3.

40 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

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NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION
FOR THE PERIOD OF NINE MONTHS ENDED SEPTEMBER 30, 2025

40.1 Risk management framework

The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

40.2 Market risk

(a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions and recognized assets and liabilities. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the Company's functional currency.

Monetary items, including financial assets and financial liabilities, denominated in currency other than functional currency of the Company are periodically restated to Pak rupee equivalent and the associated gain or loss is taken to the unconsolidated statement of profit or loss.

Currently, the Company's foreign exchange risk exposure is restricted to contract assets, trade debts, other receivables, other payables and bank balances. The Company's exposure to currency risk is as follows:

	September 30, 2025	December 31, 2024
USD		
Trade debts	82,939,269	62,548,067
Bank balance	2,927,803	754,329
Other receivable	3,483,306	2,233,185
Other payable	(16,127,753)	(10,009,413)
	73,222,625	55,536,188
AUD		
Trade debts	-	272,705
Other receivable	222,051	-
	222,051	272,705
AED		
Trade debts	10,319,238	10,282,594
Other payable	-	(11,959,700)
	10,319,238	(1,677,106)
QAR		
Trade debts	365,062	365,062
Other receivable	233,947	233,766
	599,009	598,828
GBP		
Trade debts	1,240,128	1,807,899
Other receivable	39,239	-
Other payable	(519,928)	(268,867)
	759,439	1,539,032
EUR		
Trade debts	843,019	1,695,969
Other receivable	221,181	119,232
	1,064,200	2,015,201
CAD		
Trade debts	121,179	73,462
Other receivable	4,157	259
	125,336	73,462
SAR		
Trade debts	122,728	122,728
Other receivable	-	2,363,666
	122,728	2,486,394

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The following analysis demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the Company's profit before tax:

	Changes in Rate	Effect on profit before tax	Effect on equity	Effect on profit before tax	Effect on equity
Rupees					
USD	+10%	2,415,011,400	2,415,011,400	1,546,349,057	1,546,349,057
	-10%	(2,415,011,400)	(2,415,011,400)	(1,546,349,057)	(1,546,349,057)
AUD	+10%	-	-	4,715,886	4,715,886
	-10%	-	-	(4,715,886)	(4,715,886)
AED	+10%	79,035,044	79,035,044	(12,715,818)	(12,715,818)
	-10%	(79,035,044)	(79,035,044)	12,715,818	12,715,818
QAR	+10%	2,824,120	2,824,120	4,576,842	4,576,842
	-10%	(2,824,120)	(2,824,120)	(4,576,842)	(4,576,842)
GBP	+10%	46,859,477	46,859,477	53,741,456	53,741,456
	-10%	(46,859,477)	(46,859,477)	(53,741,456)	(53,741,456)
EUR	+10%	27,797,709	27,797,709	58,366,267	58,366,267
	-10%	(27,797,709)	(27,797,709)	(58,366,267)	(58,366,267)
CAD	+10%	2,449,512	2,449,512	1,424,575	1,424,575
	-10%	(2,449,512)	(2,449,512)	(1,424,575)	(1,424,575)
SAR	+10%	920,337	920,337	18,431,639	18,431,639
	-10%	(920,337)	(920,337)	(18,431,639)	(18,431,639)

The following exchange rates were applicable during the Period:

	For the nine months period ended September 30, 2025	For the year ended December 31, 2024
Reporting date rate:		
USD	281.25	278.44
AUD	185.43	172.93
AED	76.59	75.82
QAR	77.36	76.43
GBP	377.86	349.19
EUR	329.74	289.63
CAD	202.14	193.92
SAR	74.99	74.13
Average rate:		
USD	281.19	278.48
AUD	180.15	183.62
AED	76.90	75.82
QAR	77.28	76.41
GBP	380.12	356.74
EUR	330.23	301.23
CAD	203.58	203.28
SAR	74.92	74.20

(b) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company mitigates its risk against the exposure by focusing on short-term investment and maintaining adequate bank balances.

SYSTEMS LIMITED**NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION
FOR THE PERIOD OF NINE MONTHS ENDED SEPTEMBER 30, 2025**

At the unconsolidated statement of financial position, the interest rate profile of the Company's interest-bearing financial instruments was:

	September 30, 2025 Rupees	December 31, 2024 Rupees
Fixed rate instruments		
Financial assets		
Short term investments	77,382,800	177,382,800
	77,382,800	177,382,800
Variable rate instruments		
Financial assets		
Bank balances - deposit accounts	2,438,987,168	897,842,986
Loans, advances and other receivables	1,304,897,480	2,405,847,440
	3,743,884,648	3,303,690,426
Financial liabilities		
Short term borrowings from financial institutions	1,620,059,388	1,279,799,247
Net exposure	<u>2,123,825,260</u>	<u>2,023,891,179</u>

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the date of unconsolidated statement of financial position would not affect the profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

The impact of changes in average effective interest rate for the year is given below:

	Increase/ decrease in rate	Effect on profit before tax	Effect on Equity
		Rupees	Rupees
Financial assets			
December 31, 2024	+1	33,036,904	33,036,904
	-1	(33,036,904)	(33,036,904)
September 30, 2025	+1	37,438,846	37,438,846
	-1	(37,438,846)	(37,438,846)
Financial liabilities			
December 31, 2024	+1	(12,797,992)	(12,797,992)
	-1	12,797,992	12,797,992
September 30, 2025	+1	(16,200,594)	(16,200,594)
	-1	16,200,594	16,200,594

(c) Other price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. There is other price risk of changes in the fair value of investment in mutual funds as a result of changes in the levels of net asset value of units held by the Company. As at 30th September 2025, had there been increase / decrease in net asset value by 1%, with all other variables held constant, the profit before tax for the year and equity would have been higher / lower by Rs 1.35 million (December 31, 2024: Rs 1.59 million) and Rs 0.96 million (December 31, 2024: 1.13 million).

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40.3 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter-parties failed completely to perform as contracted. The Company does not have significant exposure to any individual third-party. The management also continuously monitors the credit exposure towards the customers and makes allowance for ECLs against those balances considered doubtful of recovery. Outstanding customer receivables are regularly monitored.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry.

The credit risk on liquid funds is limited because the counter parties are banks and mutual funds with reasonably high credit ratings. The Company believes that it is not exposed to major concentration of credit risk as its exposure is spread directly or indirectly over a large number of counter parties and subscribers in case of trade debts.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Note	September 30, 2025	December 31, 2024
		Rupees	Rupees
Interest free loans to employees		841,825,480	843,121,097
Contract assets		2,251,933,143	1,580,821,570
Trade debts		25,938,118,191	20,291,846,838
Trade deposits		87,014,686	95,841,377
Long term deposits		50,902,013	74,061,160
Loans, advances and other receivables		1,663,039,070	3,117,237,351
Short term investments		1,152,978,848	2,941,777,167
Derivative financial instruments		8,118,523	-
Bank balances		3,456,002,720	1,489,572,524
		<u>35,449,932,683</u>	<u>30,434,079,082</u>

The aging of trade debts at the reporting date is:

Not Past Due	11,533,582,705	10,916,884,753
Past due 0-90 days	3,783,398,507	3,638,516,523
Past due 91-180 days	3,297,627,778	2,104,745,380
Past due 181-270 days	1,311,963,753	1,457,412,190
Past due 271-360 days	1,344,344,611	1,188,706,215
Past due 361 days and above	4,838,930,227	1,374,878,990
	<u>26,109,837,581</u>	<u>20,681,241,051</u>

Contract assets represents not past due balances as these are not invoiced to the customers.

As at reporting date, 53.30% of revenue (December 31, 2024: 47.93%) were represented by two customers (December 31, 2024: two customers) amounting to Rs 18,613.01 million (December 31, 2024: Rs 18,464.10 million). More than 10% of the revenue came from each of these individual customers. The management believes that the Company is not exposed to customer concentration risk as these customers are related parties of the Company.

The Company has applied the IFRS's simplified approach and has calculated ECLs based on lifetime expected credit losses except for cases otherwise disclosed. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate. The table below shows the bank balances and short term investments held with some major counterparties at the reporting date.

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Particulars	Rating			September 30, 2025	December 31, 2024
	Short term	Long term	Agency	—— Rupees ———	

Bank balances

Habib Metropolitan Bank Limited	A1+	AA+	PACRA	1,776,348,519	879,761,805
Bank Islami Pakistan Limited	A1	AA+	PACRA	12,905,184	7,660,184
United Bank Limited	A1+	AAA	VIS	85,312,089	25,588,506
Faysal Bank Limited	A1+	AA	PACRA	658,665,198	20,911,781
Standard Chartered Bank (Pakistani) Limited	A1+	AAA	PACRA	61,608,428	88,850,957
FINCA Microfinance Bank Limited	A2	A-	VIS	5,492,894	1,590,997
Meezan Bank Limited	A1+	AAA	VIS	28,206,122	7,045,212
Habib Bank Limited	A1+	AAA	VIS	412,019,941	280,867,859
MCB Bank Limited	A1+	AAA	PACRA	88,401,003	80,003,021
Allied Bank Limited	A1+	AAA	PACRA	4,178,065	4,939,783
Bank Al Habib Limited	A1+	AAA	PACRA	323,692,698	2,170,169
				3,456,850,121	1,398,390,274

Particulars	Rating			September 30, 2025	December 31, 2024
	Short term	Long term	Agency	—— Rupees ———	

TDRs

Habib Metropolitan Bank Limited	A1+	AA+	PACRA	77,382,800	177,382,800
Habib Bank Limited	A1+	AAA	VIS	-	-
				77,382,800	177,382,800

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Particulars	Rating			September 30, 2025	December 31, 2024
	Short term	Long term	Agency	Rupees	
Mutual funds					
Pak Qatar Asset Management Fund	Not Available	AM2	PACRA	506,366,373	-
Faysal Halal Amdan Fund	Not Available	AA	PACRA	569,239,675	-
AL Habib Asset Management Limited	Not Available	AM2+	PACRA	-	150,023,638
Al-Meezan Investment Management Limited	Not Available	AM1	VIS	-	100,536,986
NSP Fund Management Limited	Not Available	AM1	PACRA	-	776,777
MCB-Arif Habib Savings and Investments Limited	Not Available	AM1	PACRA	-	372,925,931
ABL Asset Management Company Limited	Not Available	AM1	PACRA	-	1,119,035
Alfaalah Asset Management Limited	Not Available	AM1	PACRA	-	606,537,229
Lakson Investments Limited	Not Available	AM2+	PACRA	-	100,000,000
UBL Fund Managers Limited	Not Available	AM1	VIS	-	3,607
HBL Asset Management	Not Available	AM1	VIS	-	551,581,892
AWT Investments Limited	Not Available	AM2	PACRA	-	150,204,094
JS Investments Limited	Not Available	AM2+	PACRA	-	150,043,203
Atlas Islamic Fund of Funds	Not Available	AA	PACRA	-	150,000,000
Faysal Asset Management Limited	Not Available	AM1	VIS	-	430,641,975
				1,075,596,048	2,764,394,367

Except disclosed otherwise, the expected loss rates of trade debts are based on the payment profiles of sales over a period of 36 months before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP and the consumer price index of the countries in which it sells its services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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40.3.1

	Local private customers				Local government customers				Export customers				Total	
	Expected loss rate %	Trade debts	Loss allowance	Expected loss rate %	Trade debts	Loss allowance	Expected loss rate %	Trade debts	Loss allowance	Trade debts	Loss allowance	Rupers		
		Rupees			Rupees			Rupees		Rupees		Rupers		
September 30, 2025														
Not Past Due	4.28%	613,846,833	26,246,191	6.05%	75,858,696	4,589,460	0.02%	5,061,338,810	834,572	5,751,044,036	31,876,523			
Past due 0-90 days	7.23%	43,800,305	3,172,200	20.27%	104,303,420	21,157,917	0.07%	166,706,820	123,131	314,960,345	24,453,338			
Past due 91-180 days	20.42%	36,130,792	7,787,450	36.53%	16,1963	59,155	36.08%	8,401,310	3,031,132	46,694,055	10,877,737			
Past due 181-270 days	40.31%	22,072,875	8,898,420	67.80%	41,249,922	28,043,607	2.96%	332,803	9,830	63,655,600	36,951,763			
Past due 271-360 days	89.89%	4,200,000	3,779,780	0.00%	-	-	0.00%	-	-	4,200,000	3,779,780			
Past due 361 days and above	100.00%	32,277,142	32,277,142	100.00%	10,992,348	10,992,348	100.00%	570,575	570,575	43,840,065	43,840,065			
		754,417,947	82,161,273		232,826,239	64,842,387				5,237,349,918	4,569,546	6,224,394,104	151,573,206	
Subsidiaries ¹	-	-	-	-	-	-	-			19,208,136,535	11,139,873	19,208,136,535	11,139,873	
Financial institutions ²	-	677,306,941	9,006,511	-	-	-	-			-	-	677,306,941	9,006,511	
Gross trade debts		1,431,724,888	91,167,784		232,826,239	64,842,387				24,445,486,453	15,708,219	26,109,837,580	171,719,390	
December 31, 2024														
	Local private customers				Local government customers				Export customers				Total	
	Expected loss rate %	Trade debts	Loss allowance	Expected loss rate %	Trade debts	Loss allowance	Expected loss rate %	Trade debts	Loss allowance	Trade debts	Loss allowance	Rupers		
		Rupees			Rupees			Rupees		Rupees		Rupers		
Not Past Due	2.32%	851,007,360	19,728,062	7.07%	232,124,374	16,420,608	0.13%	4,779,311,368	6,352,387	5,862,443,141	42,501,047			
Past due 0-90 days	11.67%	51,363,821	6,147,250	21.18%	42,113,604	8,821,103	0.00%	432,133,818	7,546	525,611,243	15,075,899			
Past due 91-180 days	31.55%	15,375,600	4,857,271	38.50%	31,493,717	12,128,901	0.05%	140,144,463	73,507	187,913,770	17,085,679			
Past due 181-270 days	72.40%	31,085,747	22,505,571	70.06%	7,444,613	5,215,009	6.05%	3,137,581	189,582	41,867,941	27,810,882			
Past due 271-360 days	91.20%	26,350,555	24,039,325	98.02%	10,410,311	10,025,592	46.54%	3,376,220	1,571,368	49,146,095	44,035,888			
Past due 361 days and above	100.00%	54,535,374	54,535,374	100.00%	25,291,425	25,291,425	100.00%	47,386,261	47,386,261	127,213,060	127,213,060			
		1,029,727,450	131,812,846		357,878,044	86,998,838				5,405,489,750	55,580,751	6,793,095,250	274,392,435	
Subsidiaries ¹	-	-	-	-	-	-	-			12,775,516,020	108,998,831	12,775,516,020	108,998,831	
Financial institutions ²	-	1,112,828,881	18,201,949	-	-	-	-			-	-	1,112,828,881	18,201,949	
Gross trade debts		2,142,356,337	148,014,795		357,878,044	86,998,838				15,151,006,670	164,580,582	28,681,241,051	398,584,215	

¹ For subsidiaries, ECL is recognized on the basis of their ability to pay as disclosed in note 3.2.3.

² For financial institutions, ECL has been computed on the basis of their credit ratings issued by external credit rating agencies.

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40.4 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The following are the contractual maturities of financial liabilities:

The following are the contractual maturities of financial liabilities as at September 30, 2025:

	Carrying amount	Contractual cash flows	Less than one year	One to five years	More than five years
Rupees					
Lease Liabilities	301,096,184	382,110,096	178,564,323	203,545,772	-
Trade and other payables	7,806,406,122	7,806,406,122	7,806,406,122	-	-
Unclaimed dividend	38,226,414	38,226,414	38,226,414	-	-
Short term borrowings from financial institutions - secured	1,620,059,388	1,620,059,388	1,620,059,388	-	-
Accrued mark-up on borrowings	12,479,892	12,479,892	12,479,892	-	-
	9,808,288,000	9,859,281,511	9,655,736,139	203,545,772	-

The following are the contractual maturities of financial liabilities as at December 31, 2024:

	Carrying amount	Contractual cash flows	Less than one year	One to five years	More than five years
Rupees					
Lease Liabilities	451,053,321	531,103,523	203,231,522	327,872,001	-
Trade and other payables	6,912,169,494	6,912,169,494	6,912,169,494	-	-
Unclaimed dividend	30,322,411	30,322,411	30,322,411	-	-
Short term borrowings from financial institutions - secured	1,279,799,247	1,279,799,247	1,279,799,247	-	-
Derivative financial instruments	1,461,010	1,461,010	1,461,010	-	-
Accrued mark-up on borrowings	9,395,836	9,395,836	9,395,836	-	-
	8,584,201,319	8,764,251,521	8,438,379,520	327,872,001	-

40.5 Fair values of financial assets and liabilities

Fair value of available-for-sale financial assets is derived from quoted market prices in active markets, if available.

The carrying values of other financial assets and financial liabilities reflected in unconsolidated financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

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40.6 Financial instruments by categories

	September 30, 2025		
	Financial assets at fair value through profit or loss	Financial assets at amortized cost	Total
Assets as per unconsolidated interim statement of financial position	Rupees	Rupees	Rupees
Interest free loans to employees	-	837,335,967	837,335,967
Contract assets	-	2,251,933,143	2,251,933,143
Trade debts	-	25,938,118,191	25,938,118,191
Trade deposits	-	87,014,686	87,014,686
Loans, advances and other receivables	-	1,686,386,895	1,686,386,895
Long term deposits	-	50,902,013	50,902,013
Short term investments	1,075,595,048	77,382,800	1,152,978,848
Derivative financial instruments	8,118,523	-	8,118,523
Cash and bank balances	-	3,457,172,687	3,457,172,687
	1,083,714,571	34,386,246,382	35,469,960,953
December 31, 2024			
Assets as per unconsolidated interim statement of financial position	Rupees	Rupees	Rupees
Interest free loans to employees	-	843,121,097	843,121,097
Contract assets	-	1,580,821,570	1,580,821,570
Trade debts	-	20,281,646,836	20,281,646,836
Trade deposits	-	93,621,377	93,621,377
Loans, advances and other receivables	-	2,457,296,683	2,457,296,683
Long term deposits	-	74,061,160	74,061,160
Short term investments	2,764,394,367	177,382,800	2,941,777,167
Cash and bank balances	-	1,489,699,594	1,489,699,594
	2,764,394,367	26,997,651,117	29,762,045,484
September 30, 2025			
Liabilities as per unconsolidated interim statement of financial position	Rupees	Rupees	Rupees
Lease liabilities	-	331,096,184	331,096,184
Mark-up accrued on short term borrowings	-	12,479,892	12,479,892
Short term borrowings from financial institutions	-	1,620,059,388	1,620,059,388
Unclaimed dividend	-	38,226,414	38,226,414
Trade and other payables	-	8,152,632,771	8,152,632,771
	-	10,154,494,649	10,154,494,649

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	December 31, 2024		
	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Total
Liabilities as per unconsolidated interim statement of financial position		Rupees	Rupees
Lease liabilities	-	451,053,321	451,053,321
Mark-up accrued on short term borrowings	-	9,395,836	9,395,836
Short term borrowings from financial institutions	-	1,279,799,247	1,279,799,247
Uncollected dividend	-	30,322,411	30,322,411
Derivative financial instruments	1,461,010.0	-	1,461,010
Trade and other payables	-	7,806,406,124	7,806,406,124
	<u>1,461,010</u>	<u>9,576,976,909</u>	<u>9,578,437,949</u>

40.7 Fair value hierarchy

The carrying value of all financial assets and liabilities reflected in the unconsolidated financial statements approximate their fair values. The table below analyses unconsolidated financial instruments carried at fair value by valuation method. The different level have been defined as follows:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

	Fair value measurement using			
	Quoted price in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
As at September 30, 2025	Rupees			
Fair value through profit and loss				
- Mutual fund units	1,075,596,048	-	-	1,075,596,048
- Derivative financial instruments	-	8,118,523	-	8,118,523
	<u>1,075,596,048</u>	<u>8,118,523</u>	<u>-</u>	<u>1,083,714,571</u>
As at December 31, 2024	Rupees			
Fair value through profit and loss				
- Mutual fund units	2,764,394,367	-	-	2,764,394,367
- Derivative financial instruments	-	1,461,010	-	1,461,010
	<u>2,764,394,367</u>	<u>1,461,010</u>	<u>-</u>	<u>2,765,855,377</u>

40.7.1 There were no transfers between Level 1, Level 2 and Level 3 during 2025 and 2024.

40.7.2 Fair value of mutual funds is measured with reference to their respective net asset value.

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40.8 Capital risk management

The Company's policy is to safeguard the Company's ability to remain as a going concern and ensure a strong capital base in order to maintain investors', creditors' and market's confidence and to sustain future development of the business. The Board of Directors monitors the returns on capital, which the Company defines as net operating income divided by total shareholders' equity. The Company's objectives when managing:

- a) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- b) to provide an adequate return to shareholders by pricing products.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares.

Consistent with the industry norms, the Company monitors its capital on the basis of gearing ratio. The ratio is calculated as net debt divided by total capital plus net debt. Net debt is calculated as total borrowings as shown in the statement of financial position less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the unconsolidated statement of financial position.

The debt-to-equity ratio is as follows:

		September 30,	December 31,
	Note	2025	2024
		Rupees	Rupees
Lease liabilities	(21)	331,096,184	451,053,321
Trade and other payables	(22)	8,476,621,227	7,527,762,995
Short term borrowings - secured	(24)	1,820,059,388	1,279,799,247
Accrued mark-up on borrowings		12,479,892	9,395,836
		10,440,256,691	9,268,011,399
Less: Cash and cash equivalents	(18)	(3,534,555,487)	(1,589,699,594)
Net debt		<u>6,905,701,204</u>	<u>7,678,311,805</u>
Total capital		37,752,185,494	32,883,536,730
Capital and net debt		<u>44,657,886,698</u>	<u>40,561,848,535</u>
Capital gearing ratio		15%	19%

No changes were made in the objectives, policies or processes for managing capital during the period ended September 30, 2025 and December 31, 2024. In accordance with the terms of agreement with the lenders of short term borrowing facilities (as disclosed in note 24 to these financial statements), the Company is required to comply with financial covenants. The Company has complied with these covenants throughout the reporting period.

SYSTEMS LIMITED
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40.9 SHARIAH SCREENING DISCLOSURE

	September 30, 2025	December 31, 2024	
	Conventional	Shariah compliant	Conventional
	Rupees	Rupees	Shariah compliant
Long term investments	- 8,302,311,846	- 8,218,812,981	
Short term investments and interest			
accrued	- 1,752,978,848	- 2,941,777,167	
Short term borrowings - secured	+ 1,620,059,389	180,058,083	1,099,741,164
Accrued mark-up on borrowings	- 12,479,892	1,321,923	8,073,913
Bank balances	564,234,005	2,892,616,115	321,625,097
Revenue from contracts with			
customers - net	- 33,062,036,419	- 38,526,983,552	
Other income			
Profit on deposit accounts	26,349,684	15,031,710	46,589,592
Profit on term deposit receipts			
and sukuks	125,980	4,894,688	1,098,274
			42,593,263
	September 30, 2025	December 31, 2024	
	Conventional	Shariah compliant	Conventional
	Rupees	Rupees	Shariah compliant
Income on mutual funds	- 130,190,361	- 220,787,150	
Gain on derivatives financial instruments	- 9,579,533	4,158,084	15,326,054
Exchange (loss) / gain	- 282,891,236	- (220,091,596)	
Gain/(loss) on disposal of property			
and equipment	- 12,428,204	- 11,958,618	
Interest income from related	302,271,973	759,731,402	-
parties			
Others	- 18,222,267	- 4,194,462	
Mark-up on short term borrowings	- 32,383,395	59,303,314	78,369,398
Impairment loss on investment in			
associate	- -	- -	- -
Relationship with Shariah-compliant financial institutions			

The Company has relationships with banks, having Islamic window of operations, in respect of bank balances amounting to Rs 2,892.61 million (December 31, 2024: Rs 1,077.77 million) and availed borrowing facilities amounting to Rs 1,620.06 million (December 31, 2024: Rs 1,099.74 million). The Company also has relationships with Shariah compliant financial institutions, Asset Management Companies (AMCs), in respect of investment in mutual funds amounting to Rs 1,152.98 million (December 31, 2024: Rs 2,764.39 million).

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41 NUMBER OF EMPLOYEES	September 30, 2025	December 31, 2024
Total number of employees at the end of the period are as follows:		
Regular	5,516	5,553
Contractual	1,027	1,148
	<u>6,543</u>	<u>6,701</u>

For the period of nine months ended September 30, 2025	For the year ended December 31, 2024
Rupees	Rupees

Average number of employees during the period / year are as follows:

	5,459	5,242
Regular	977	1,341
Contractual	<u>6,436</u>	<u>6,583</u>

42 DATE OF AUTHORISATION FOR ISSUE

23 DEC 2025

These unconsolidated financial statements were authorized for issue on _____ by the Board of Directors of the Company.

43 SUBSEQUENT EVENTS

Subsequent events after the reporting date other than those mentioned elsewhere in these financial statements are as follows:

- 43.1 The Board of Directors of Systems Limited, in its meeting held on 29 July 2025, approved the acquisition of British American Tobacco SAA Services (Private) Limited from British American Tobacco International Holdings (UK) Limited. On the same date, the Company entered into a Share Purchase Agreement setting out the terms and conditions of the acquisition, including the aggregate purchase price.

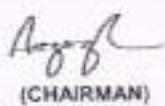
As the acquisition became effective after the reporting date, and does not provide evidence of conditions that existed at that date, this is considered a non-adjusting event under IAS 10 Events after the Reporting Period. Accordingly, no adjustments have been made to the financial statements for the period ended 30th September 2025. This matter is disclosed to provide relevant information about significant events occurring after the reporting date. Completion of the transaction is subject to the satisfaction of conditions precedent and receipt of all applicable regulatory approvals.

44 CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison and better presentation as per reporting framework.

45 GENERAL

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


 (CHAIRMAN)


 (CHIEF EXECUTIVE)


 (CHIEF FINANCIAL OFFICER)