

Annual Report 2021





Unlocking the Value of Data

Achieving Manufacturing Excellence Needs a Smart Approach. This can only be achieved through a Well Thought Out Digital Transformation Plan.

Digital Transformation is a Journey and Octopus Digital is a Partner Manufacturers can Rely On. The Journey to the Smart Factory requires leveraging the power of Data and Co-Creation. It is a Collaborative Effort that needs constant monitoring and cooperation. The Promise of the Smart Factory is to Reduce Costs and Improve Efficiencies. Octopus Digital's aim is to leverage the Value of Data to Increase Revenues and give Manufacturers an Undeniable Competitive Edge.

We are looking to Create a Smarter and Safer World through Ethical AI and Single Version Truth for All. Come Be a Part of our Journey.

Welcome to Octopus Digital's 2021 Annual Report.



Letter from the Chief Executive Officer

Dear Shareholders & Associates

Today marks the first annual report of Octopus Digital and it gives me distinct pleasure to record my message relating to that. Before I proceed, let me make one point abundantly clear. At the onset, this message seems to be from the CEO but to be perfectly factual, this is from someone who has been part of many small and big decisions that have shaped what Octopus is today. Let us start with the business idea which is simpler to hear i.e., doing everything we used to do as an automation project is now being done as a subscription service without any coding or programming skills required, digitalizing operations via advanced analytics end-to-end. In essence, it is a transformation journey from a standard plant floor to an intelligent platform that creates value and improves productivity - so pretty much, click and play, a whole automation project.

It was a challenge worth undertaking i.e. from hiring the right skillset to defining the right service levels, from incorporating After-Market Support into Octopus to designing the right amount of IPs around it, from market research, customer interviews, and conceptualization to a finished product. All of this required a monumental team effort, nothing but a whole team effort for which I am grateful to our executive management including Board of Directors, managers, road warriors and most importantly, our Human Resource department.

For Octopus Digital, the kernel of the idea that eventually became a plan officially took physical form on Dec 29, 2017, when it was incorporated as an entity. Thus, began the process of making manufacturing smarter, intuitive, and digital. The first phase of the plan was to introduce the new digital arm to the industrial fraternity in Pakistan.

Octopus Digital was introduced to the Pakistan capital markets in September

2021. The Octopus Digital IPO became the biggest, fastest, and most heavily subscribed in Pakistan Stock Exchange's (PSX) history. Octopus Digital was able to raise 30+ billion PKR against an ask of 1.2 billion PKR in record 24 minutes. The IPO issue was oversubscribed 27+ times which is a feat on its own. On October 07, 2021, Octopus Digital Limited struck the gong at the Pakistan Stock Exchange to mark the symbolic arrival of a company that aims to create a safer and smarter world using ethical AI and a single version of truth for all. The success of the Octopus Digital IPO was the sole achievement of its investors and shareholders who saw value in a passionate team looking to change the industrial landscape in Pakistan and beyond.

Octopus Digital partnered with Microsoft Corporation to create a collaborative and co-development business model to cater industrial sector and beyond. By providing data-driven services, and advanced analytics for collaboration, prediction, exploration, and optimization of manufacturing processes, Octopus and Microsoft deliver digitalization of physical assets through KPI Dashboarding.

Octopus Digital secured several high-value contracts to launch its industrial digitization campaign. A few of these successes include a ten-year contract with one of the largest tea manufacturers, MOU with Hub Power, and a fuel retail automation solution for Gas & Oil in Pakistan Limited.

The year 2022 holds a healthy pipeline for Octopus Digital, with high-value opportunities in diverse markets and segments, that will ensure promised returns for our shareholders and investors.

The future is Digital, and it is here. Standing still isn't an option. The future of automation underpins more and more "collaboration" and "co-development", and companies are creating data-driven business models

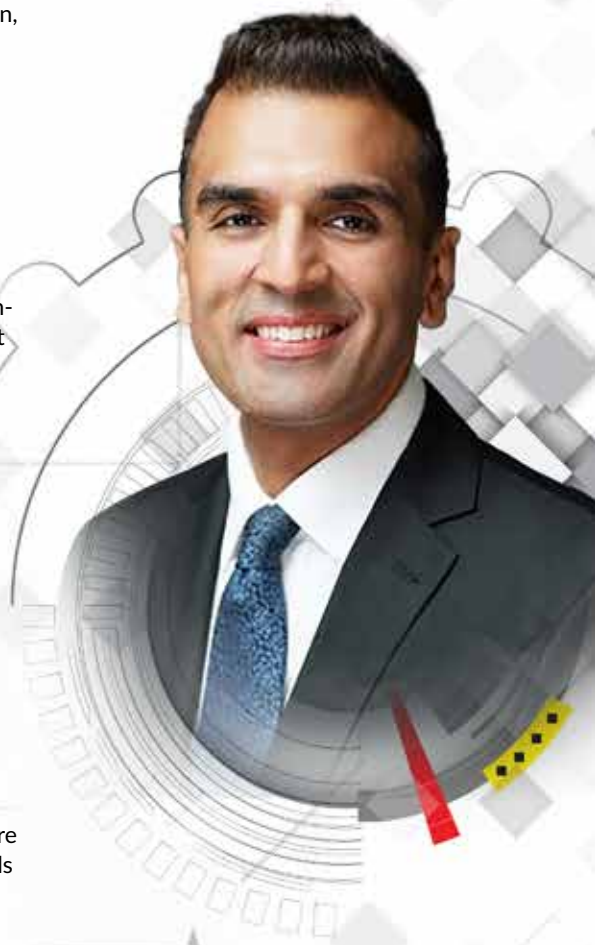
to generate new value for customers and new revenue streams for themselves. We have taken the strengths of system integration and evolved them into a collaborative business model for Octopus Digital that focuses on providing advanced analytics for the prediction, exploration, and optimization of manufacturing processes.

In the end, I would like to reiterate our resolve to make Octopus one of the finest companies globally that we can proudly recommend to our families, friends, and loved ones while creating superior returns for our shareholders and creating jobs for our communities.

Yours truly,



Asmar A. Atif
Chief Executive Officer
Octopus Digital Limited



Company Information

Directors

Bakhtiar Hameed Wain
Director / Chairman

Asmar Ahmed Atif
Director / Chief Executive Officer

Tanveer Karamat
Director

Mohammad Shahid Mir
Director

Junaid Mushtaq Paracha
Director

Adeel Khalid
Director

Saleha Asif
Director

Saeed Ullah Khan Niazi
Chief Financial Officer

Ahsan Khalil (ACA-FPFA)
Company Secretary

Audit Committee

Mohammad Shahid Mir
Chairman

Bakhtiar Hameed Wain
Member

Tanveer Karamat
Member

Junaid Mushtaq Paracha
Member

Human Resource & Remuneration Committee

Saleha Asif
Chairman

Mohammad Shahid Mir
Member

Bakhtiar Hameed Wain
Member

Tanveer Karamat
Member

Junaid Mushtaq Paracha
Member

Auditors

EY Ford Rhodes
Chartered Accountants

Bankers

Faysal Bank Limited, Pakistan
JS Bank Limited,
MCB Islamic Bank Pakistan
Dubai Islamic Bank

Share Registrar

FAMCO Associates (Pvt) Ltd.
8-F, Next to Hotel Faran,
Nursery, Block-6, P.E.C.H.S,
Shahra-e-Faisal, Karachi.
Phone: +92 (21) 3438 0101-5
Fax No: +92 (21) 3438 0106
www.famco.com.pk

Registered Office

The Avanceon Building
19-KM, Main Multan Road,
Lahore 54660, Punjab, Pakistan
Phone: +92 (42) 111 940 940
Fax No: +92 (42) 375 151 28
Email: support@octopusdtl.com

Legal Advisor

Cheema & Ibrahim

Web Presence

www.octopusdtl.com
www.avanceon.ae www.avanceon.qa
Phone: +92 (42) 111 940 940
Fax: +92 (42) 375 151 28
Email: support@octopusdtl.com

Headquarters

Lahore, Punjab, Pakistan
The Avanceon Building
19-KM, Main Multan Road,
Lahore, 54660 Punjab, Pakistan
Phone: +92 (42) 111 940 940
Email: support@Octopusdtl.com

Regional Headquarters

Karachi, Sindh, Pakistan
MA Tabba Foundation Building,
First Floor, Gizri Road Block 9,
Clifton Karachi, Sindh 75600
Phone: +92 (21) 111 940 940
Email: support@Octopusdtl.com

Regional Headquarters

- Middle East

Avanceon FZE - Dubai, UAE
FZS1 BD04 JAFZA P.O. Box 18590
Dubai, United Arab Emirates
Phone: +971 4 88 60 277

Abu Dhabi, UAE
In Partnership with Ali & Sons
Ali & Sons Bldg., Zayed 2nd Street
P.O. Box 915 Abu Dhabi, U.A.E.
Phone: +971 4 88 60 277

Doha, Qatar
Avanceon Automation Control WLL
Office No. 12, M Floor, Al-Jaber
Engg. HO Building, P.O. Box 15976,
Fox Hills, Lusail, Doha, Qatar.
Phone: +974 4040 9835

Avanceon QFZCO LLC
PA-WH-04, Unit 16
Ras Bufontas Free Zone Doha Qatar
Phone: +974 4040 9835
Email: support@avanceon.qa

Avanceon Saudi Energy Company
3141 Anas Ibn Malik-Al Malqa Dist.
Unit no. 718, Riyadh 13521 – 8292
Kingdom of Saudi Arabia
Phone: +966 5674 16724
Email: support.mea@avanceon.ae

Trade Mark

OCTOPUS
DIGITAL

Board of Directors



Bakhtiar Hameed Wain
Chairman

Bakhtiar brings over 30+ years of exemplary leadership. He played a key role in growing Avanceon to where it is today. He founded Avanceon in 1984 and later Octopus in 2019.



Tanveer Karamat
Non-Executive Director

Tanveer brings a wealth of international business experience to Octopus. He has 20+ years of international experience in managing & selling automation solutions to a variety of industrial sectors.



Asmar Ahmed Atif
Executive Director

Asmar works at the intersection of business, technology & regulation. His career spans over 15 years & 4 continents across the Artificial Intelligence space. He holds an MBA from Imperial College London.



Junaid Mushtaq Paracha
Non-Executive Director

Junaid has 25+ years of experience in Avanceon in various positions such as General Manager Sales, Marketing, Country Manager Sales & currently VP Operations.



Adeel Khalid
Executive Director

Adeel has 15+ years of experience of managing Middle East and Central Asia AMS business. He has expertise in resource management systems via Digital Technology.



Saleha Asif
Independent Director

Saleha has experience in serving boards and C-level clients globally for 25+ years. She has worked with McKinsey & Company, PepsiCo, and Bank of America.



Mohammad Shahid Mir
Independent Director

Shahid is a senior management professional with 30+ years in Corporate and Commercial Banking, Risk Management, Credit Administration and Trade Finance.

Chairman of the Board Review Report

Dear Shareholder,

Welcome to the first Chairman of the Board Review Report for Octopus Digital Limited for the year ended on December 31, 2021.

Octopus Digital fresh off a spectacularly successful IPO posted very impressive financial results for the first year as a public listed company. The pipeline for 2022 is extremely healthy as our unique value proposition continues to resonate with the manufacturing industry. Let me try and show you how Octopus Digital's board will align all decisions towards the goals of our exciting business plan.

Engaging Our Stakeholders - To succeed in an open and interconnected world, Octopus Digital needs to demonstrate its value to all stakeholders. To accomplish this, the Octopus Digital Board conducted deep-dives on a range of matters during 2021. The objective was to understand the business inside out and review its sustainability strategy and statement of purpose. I am happy to report that in times to come you should expect unparalleled engagement and transparency by Octopus Digital.

Board Composition and Effectiveness - To ensure the Board has the necessary skills, experience, and diversity to effectively support and review the business's strategic progress, we have continued our proactive review of its non-executive membership. The Board comprises of Avanceon executives who are intricately familiar with the business and members from outside the industry to provide us with a third-party view/outside's perspective. Saleha Asif who is an experienced C-Level Suite Executive with 25+ Years of Experience and Muhammad Shahid Mir, a Senior Management Professional with 30+ Years under his belt are the perfect examples of our Independent Board Members. I keenly look forward to their advice and contribution in the Octopus Digital board.

Board Stewardship Process - For the Octopus Digital board to perform, mission effectiveness, outcomes and evaluation need to be prioritized. The board will go through a rigorous stewardship process to ensure we are continually aligned with our objectives. Some key features of the Board Stewardship Process will include,

- Formation of the Executive Board
- Development of Dashboard to Monitor Key KPIs
- Monthly Executive Board Meeting to Steward and Drive Performance

Octopus Digital Limited's Performance in 2021

Here is a rundown of how Octopus Digital performed in FY 2021 as compared to FY 2020.

- Profit after Tax (PAT) increased by **57%** at **346 million PKR**
- Net Sales increased by **126%** to **625 million PKR** and
- Earnings Per Share increased by **26%** at **2.53 PKR**.

The members of the Octopus Digital Limited Board are mentioned below with their respective roles.

Bakhtiar H. Wain
(Chairman of the Board)

Tanveer Karamat
(Non-Executive Director)

Asmar Ahmad Atif
(Executive Director)

Junaid Mushtaq Paracha
(Non-Executive Director)

Adeel Khalid
(Non-Executive Director)

Saleha Asif
(Independent Director)

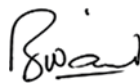
Muhammad Shahid Mir
(Independent Director)

In 2021, the Board of Directors for Octopus Digital Limited met on four occasions in person and online. Business decisions were taken via circulation of board resolutions. The Board carries out a review of its effectiveness and performance each year after the closure of the fiscal year, on a self-assessment basis. The overall effectiveness of the Board was assessed as satisfactory. Suitable action plans were formulated and communicated to the concerned personnel regarding areas needing improvement.

We aim to place diversity, equity, and inclusion at the heart of the Octopus Digital's strategy, and the board will track its progress just as closely as it does financial performance. From 2021, progress will also be reported internally to all employees on a quarterly basis via Communication Meetings. Octopus Digital will also provide a variety of ways for our team to make their voices heard. The internal conversation is necessary because Octopus Digital's performance reflects the collective effort and dedication of many within our organisation.

In the end, I would like to thank all our Shareholders for their support. I am confident we will meet your expectations in years to come.

Best Regards,



Bakhtiar H. Wain
Chairman of the Board

Lahore, Pakistan
Octopus Digital Limited
April 2022





Notice of 5th Annual General Meeting



Notice is hereby given that the 5th Annual General Meeting of Octopus Digital Limited "Company" will be held on Thursday, 28 April 2022 at 03:30 P.M. via Zoom video link from The Avanceon Building, 19-Kms, Main Multan Road, Lahore, to transact the following business:

We hereby inform to our members that due to COVID-19, the Company internal SOPs of HSE department has imposed restrictions on indoor and outdoor gatherings and other recreational activities, and due to ongoing Holy Month of Ramzan prayer time constraints therefore the Annual General Meeting of Octopus Digital Limited shall be conducted via Zoom video link only.

A. ORDINARY BUSINESS

1. To confirm the minutes of the Extraordinary General Meeting held on 09 February 2022.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31 December 2021 together with the Directors' and Auditors' Reports thereon and Chairman's Review Report.

3. To appoint Auditors of the Company and fix their remuneration. The Members are hereby notified that the Board Audit Committee and the Board of Directors have recommended the name of M/s EY Ford Rhodes, Chartered Accountants for re-appointment as auditors of the Company for the year ending 31 December 2022.

B. ANY OTHER BUSINESS:

4. To transact any other business with the permission of the Chair.

By Order of the Board

Lahore
Dated: 07 April 2022

Ahsan Khalil
Company Secretary

WEBLINK FOR ONLINE MEETING VIA ZOOM:

In pursuance of SECP Circular No. 4 dated 15 February 2021 the Securities and Exchange Commission of Pakistan facilitate for attending general meetings virtually through video-link, webinar, or other electronically, so the proceedings of the Meeting shall be held online only through/via "ZOOM".

For attending live proceedings of the AGM of the shareholders are requested to follow the below link:
<https://us02web.zoom.us/join/join?pwd=V6Q2wRpzQmaQsvEMSmDPIg>

Please follow the below link for complete guidance as how-to login on Zoom to attend the AGM:
<https://octopusdtl.com/investor-relations/>
(scroll to the bottom of the page for guideline doc)

The shareholders attending AGM through Zoom, are given the option to send in advance their respective questions/ comments along with their Name and Folio Number on the below mentioned email address or postal address.
Email: ahsan.khalil@octopusdtl.com
Postal Address: Corporate Officer, The Avanceon Building, 19-Kms, Main Multan Road, Lahore.

Securities and Exchange Commission of Pakistan through its notification 787(1)/2014 dated 08 September 2014, Audited Financial Statements and the Notice of Annual General Meeting has been allowed to be circulated in electronic format through email. The Annual Report of the Company shall be circulated via email to those shareholders whose email addresses are present in the records/database of the CDC and Share Registrar. The shareholders are encouraged to send/update their email addresses on the above-mentioned link or email or postal address. The Annual Report has also been uploaded at the Company's website <https://octopusdtl.com> and is readily accessible to the shareholders.

NOTES:

1. The share transfer books of the Company will be closed and no transfer of shares will be accepted for registration from Thursday, 21 April 2022 to Thursday, 28 April 2022 (both days inclusive). Transfer received in order at our Registrar, M/S FAMCO Associates (Private) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi by the close of business hours on Wednesday, 20 April 2022 will be treated to have been in time for the purposes to attend and vote at the meeting.
2. A member entitled to attend and vote at this Meeting shall be entitled to appoint another person, as his/her proxy to attend, speak and vote instead of him/her, and a proxy so appointed shall have such rights, as respects attending, speaking, and voting at the Meeting as are available to a member. Proxies in order to be effective,

must be received by the Company not less than 48 hours before the meeting. A proxy need not be a member of the company.

3. Members are required to timely notify any change in their address to Company's Shares Registrar, M/S. FAMCO Associates (Private) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi.

FOR ATTENDING THE SHAREHOLDERS' MEETING

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 up-loaded as per the Regulations, shall authenticate his/her identity by his/her Computerized National Identity Card (CNIC) or passport at the time of online registration/attending the meeting.
2. The shareholders registered on CDC are also requested to provide their particulars ID numbers and account numbers in CDS at the time of online registration/ attending the meeting.
3. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be provided at the time of online registration/attending the meeting.

FOR APPOINTING PROXIES:

1. In case of individual, 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 Regulations, shall submit the duly completed and stamped proxy form accordingly.
2. The proxy form shall be witnessed by the two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
3. Attested copies of valid CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
4. The proxy shall provide his/ her CNIC or passport at the time of online registration/attending the meeting.
5. In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted along with proxy form to the company.

Lahore
Dated: 07 April 2022

Ahsan Khalil
Company Secretary

Shareholders Information



SHAREHOLDERS INFORMATION

The 5th Annual General Meeting of Octopus Digital Limited "Company" will be held on Thursday, 28 April 2022 at 03:30 P.M. via Zoom video link from The Avanceon Building, 19-Kms, Main Multan Road, Lahore, any shareholder may appoint a proxy to vote on his or her behalf. The Proxies should be filed with the company at least 48 hours before the meeting time

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Please follow the below link for complete guidance as how-to login on

Zoom to attend the AGM: <https://octopusdtl.com/investor-relations/> (scroll to the bottom of the page for guideline doc)

The shareholders attending AGM through Zoom, are given the option to send in advance their respective questions/comments along with their Name and Folio Number on the below mentioned email address or postal address.

Email: ahsan.khalil@octopusdtl.com
Postal Address: Corporate Officer,
The Avanceon Building, 19-Kms,
Main Multan Road, Lahore.

Ownership

As on 31 December 2021 there were 5,881 holders on record of the Company's ordinary shares.

Quarterly Results

The Company issues quarterly financial statements. The planned dates for release of the quarterly results in FY 2022 are

| | |
|-------------|-------------------|
| 1st quarter | : 28 April 2022 |
| Half yearly | : 26 August 2022 |
| 3rd quarter | : 28 October 2022 |

All our quarterly reports are regularly posted to Pakistan Stock Exchange, all annual/quarterly reports are also placed at the Company's website: <https://octopusdtl.com>. The Company reserves the right to change any of the above dates, Securities and Exchange Commission of Pakistan through its notification 787(1)/2014 dated 08 September 2014, Audited Financial Statements and the Notice of Annual General Meeting has been allowed to be circulated in electronic format through email. The Annual Report of the Company shall be circulated via email to those shareholders whose email addresses are present in the records/database of the CDC and Share Registrar. The shareholders are encouraged to send/update their email addresses on the above-mentioned link or email or postal address. The Annual Report has also been uploaded at the Company's website <https://octopusdtl.com> and is readily accessible to the shareholders.

All registered shareholders should send information on changes of address to:

FAMCO Associates (Pvt) Ltd.

8-F, Next to Hotel Faran, Nursery, Block-6,
P.E.C.H.S, Shahr-e-Faisal, Karachi.
Phone: +92 [21] 3438 0101-5
Fax No: +92 [21] 3438 0106
www.famco.com.pk

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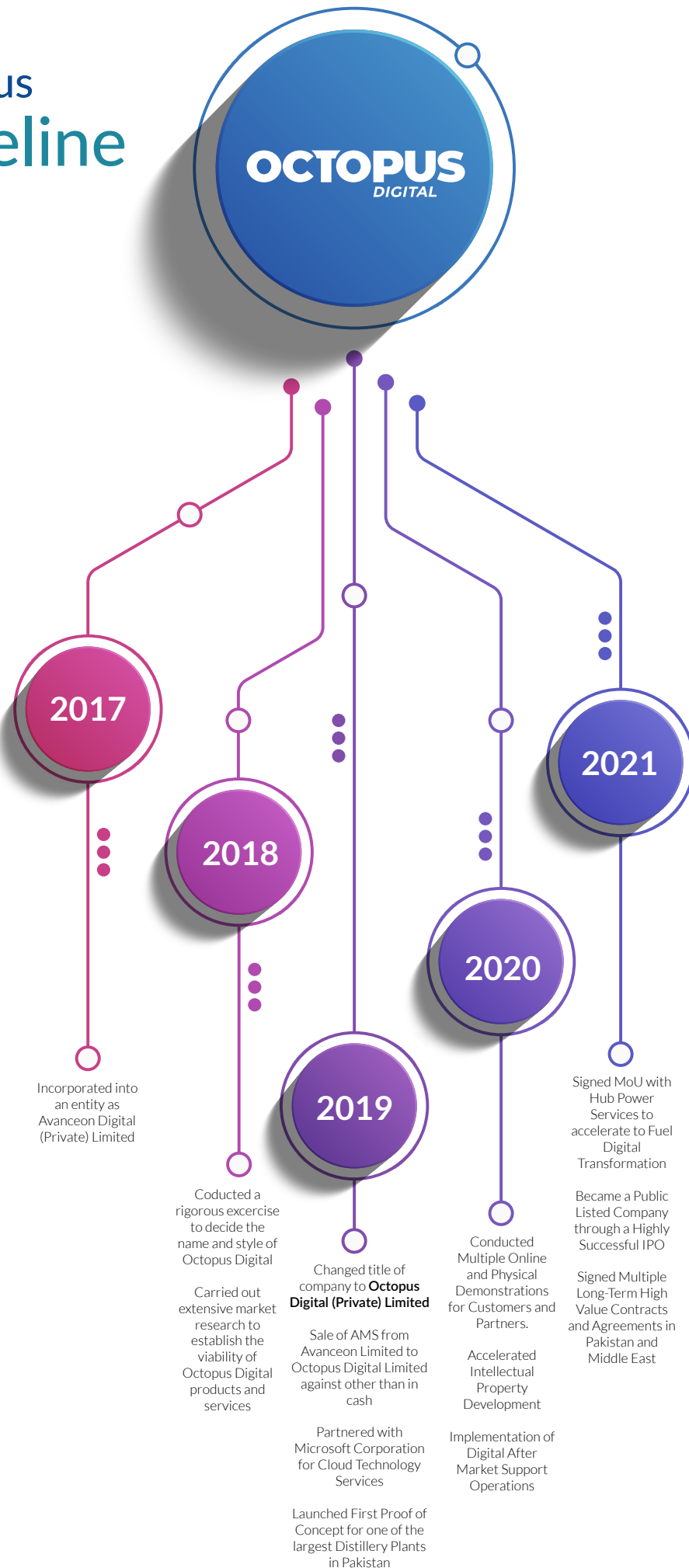
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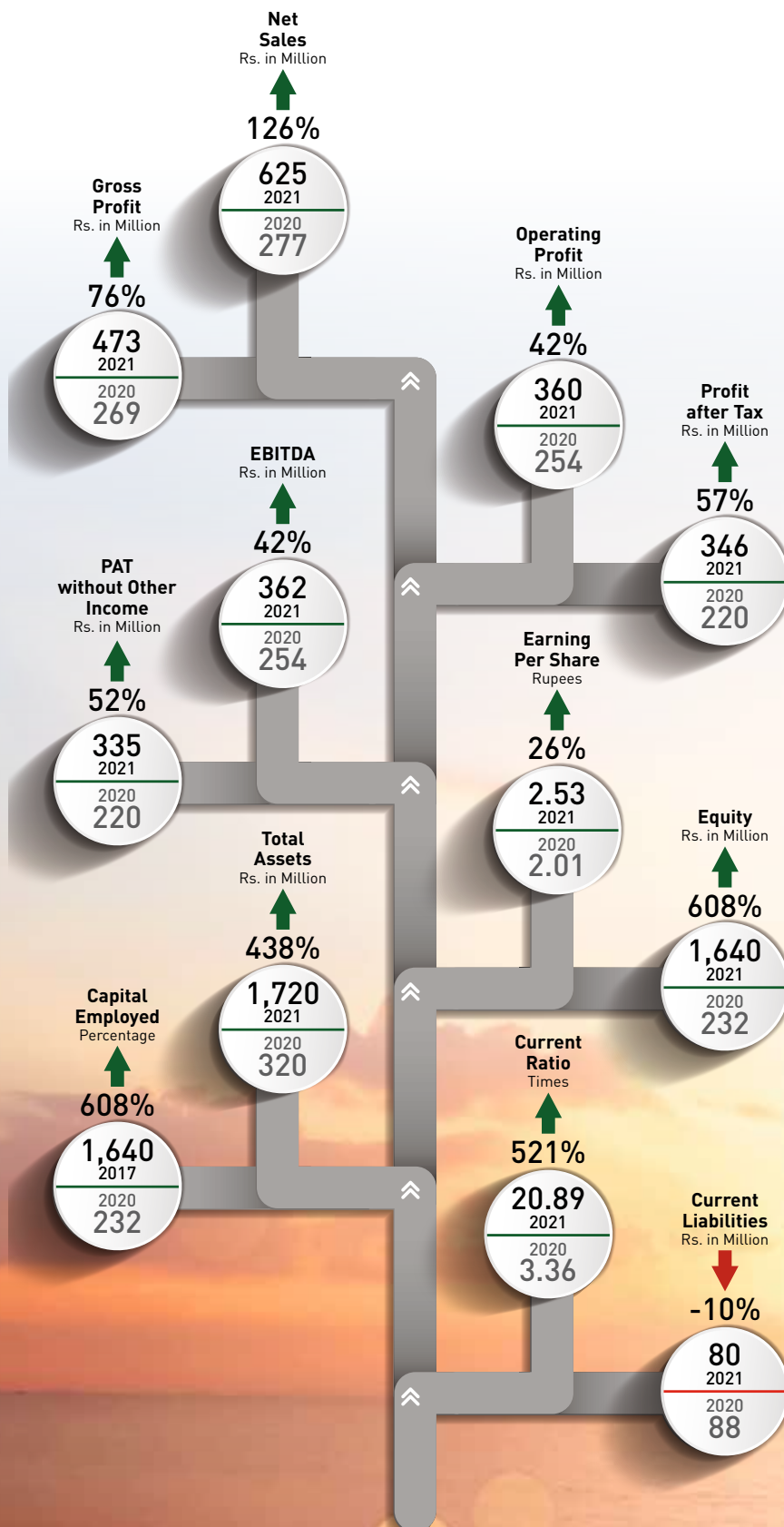
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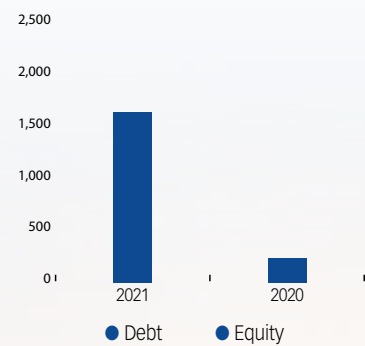
Octopus Timeline



Financial Highlights



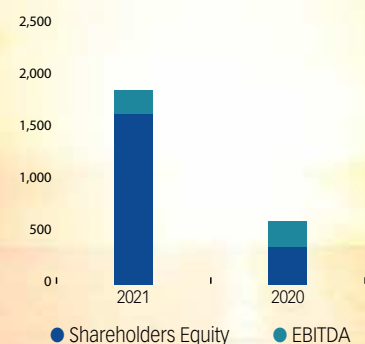
NET DEBT AND EQUITY



OPERATING PROFIT AND EBITDA



SHAREHOLDERS EQUITY AND EBITDA



A Smashing Success. Ripples Across Regions.

Octopus Digital Becomes the Fastest, Biggest and Heavily Subscribed IPO in PSX History

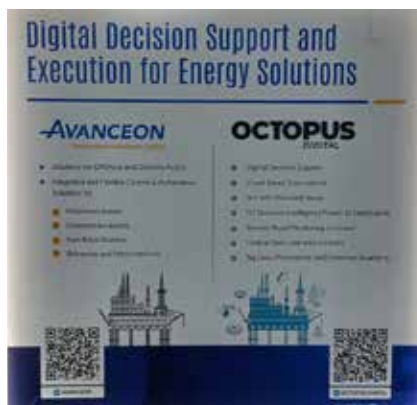
The Capital Markets Respond - Octopus Digital was introduced to the Pakistan capital markets in September 2021. The Octopus Digital IPO became the biggest, fastest, and most heavily subscribed in Pakistan Stock Exchange's (PSX) history. Octopus Digital was able to raise 30+ billion PKR against an ask of 1.2 billion PKR in record 24 minutes. The IPO issue was oversubscribed 27+ times which is a feat on its own. On October 07, 2021, Octopus Digital Limited struck the gong at the Pakistan Stock Exchange to mark the symbolic arrival of a company that aims to create a safer and smarter world using ethical AI and single version of truth for all.

The success of the Octopus Digital IPO was the sole achievement of its investors and new shareholders who saw value in a passionate team looking to change the industrial landscape in Pakistan and beyond.





Avanceon and Octopus Digital Showcased Innovative Oil & Gas Solutions at ADIPEC 2021



Integrated Solutions with Industry 4.0 Implications was the focus of Avanceon and Octopus Digital participation at the Region's Largest Gathering of Oil & Gas Industry Players

Abu Dhabi, UAE – Avanceon Limited and Octopus Digital participated at the Abu Dhabi International Petroleum Exhibition & Conference (ADIPEC) from

November 15 – 18, 2021. Avanceon and Octopus Digital along with their Middle East partner Ali & Sons took the opportunity to showcase innovative solutions to the largest gathering of oil and gas industry players in the region.

Held under the patronage of the United Arab Emirates (UAE) President His Highness Sheikh Khalifa Bin Zayed Al

Nahyan and hosted by the Abu Dhabi National Oil Company (ADNOC), ADIPEC provides opportunities for buyers and sellers to meet, learn, network and discover new products, solutions and technologies from over 2,200 exhibiting companies, which includes over 50 NOCs, IOCs and IECs as well as 25 international country pavilions, providing a world-class



environment for trade across the industry's full value chain.

ADIPEC 2021 attracts more than 155,000 energy professionals from over 60 countries; including senior decision-makers and energy industry thought leaders, over 2,200 exhibiting companies and more than 25 national exhibiting pavilions.

Avanceon and Ali & Sons have more than a decade old association in the Middle East. As an established and revered name in the Middle East energy sector, Ali & Sons and Avanceon have collaborated on several high-profile oil & gas projects in the past and is currently working together in the energy sector.

Avanceon and Octopus Digital offer comprehensive industry-best integrated automation and data management solutions that have helped some of the biggest oil and gas companies successfully meet business challenges and maximize return on investments.

Our Goal

**Create a Smarter
and Safer World
using Ethical
AI and Single
Version of Truth
for All**





Group Structure

CORPORATE PROFILE

Octopus Digital helps businesses digitalize their manufacturing, supply chain, and financial workflows backed by strategic and operational maintenance support services in the US, Middle East, and South Asia. Thus, making decision support, actionable insights, and business intelligence available 24x7x365 both as managed and unmanaged service on a multi-year monthly subscription basis. Find out more about Octopus Digital at www.octopusdtl.com.

ORGANIZATIONAL STRUCTURE

Octopus Digital Limited is part of the Avanceon Group. It is an 80% subsidiary company of Avanceon Limited Pakistan. Octopus Digital Limited was incorporated on Dec 29, 2017, under the name and style of Avanceon Digital Private Limited. Its name was changed to Octopus Digital Private Limited on April 05, 2019, after a rigorous search to sync with its business line and corporate values. It was converted into a Public Limited Company on Nov 11, 2020, under the name and style of Octopus Digital Limited. The company was listed on the Pakistan Stock Exchange on Oct 04, 2021, with the security symbol 'OCTOPUS'.

TRADEMARK REGISTRY

Owning a trademark is indispensable for businesses as it differentiates products or services from others in the industry. It is essential to choose a name and logo that distinctly identify and convey the essence of a business. Not only does it give protection to the business, but it will also help create a presence within the industry and to the customers. In case of Octopus Digital Limited, we aim to differentiate our Intellectual Properties through the services we provide making them a valuable asset and an effective communication tool. The logos of Octopus Digital and its Intellectual Properties define our purpose of placing data at the center of every business operation.

We take pride in informing our shareholders that during the year 2021, Three (03) trademarks of Octopus Digital Limited were processed with Government of Pakistan Intellectual Property Organization Trademark Registry. All three (03) trademark applications were accepted and provisionally allocated numbers by the registry and final approval letter(s) are awaited.

The three (03) trademarks include,

1. OCTOPUS DIGITAL Logo

OCTOPUS
DIGITAL

2. OMNICONNECT Logo

OMNICONNECT

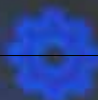
3. TOPWARE Logo

 **TOPWARE**



| | | |
|-------|--------|-------------|
| 6.99 | 6.94% | 16,778,485 |
| 50.63 | -0.56 | 2,307,500 |
| 48.51 | -1.11% | 115,352,590 |
| 80.00 | 3.62 | 1,934,900 |
| 78.11 | 4.82% | 153,277,769 |
| 85.00 | 3.96 | 1,731,121 |
| 83.30 | 4.91% | 146,009,772 |
| 2.76 | 0.05 | 1,389,000 |
| 2.70 | 1.85% | 3,805,350 |

WAVETEC



OCTOPUS DIGITAL

Shantaj Textile...

Octopus Digital...

KPUS

Khairpur Sugar ...

SASML

Sindh Abadgars ...

POWER

Power cement Li...



Code of Business Conduct and Ethical Principles

As an ethically unyielding, proactive, and sustainable business, Octopus Digital Limited aims to hold high standards across all practices without needing third party monitoring.

At Octopus Digital, we do not compromise on business ethics and practices. Working with us implies engaging with our core values of honesty and integrity. These values define how we work and how we achieve success.

Our values also define the very foundation of our outright business conduct and ethics:

Compliance with Laws and Regulations

At Octopus Digital, we adhere by laws, rules, and regulations. We understand and comply with the legal requirements and commercial practices of lawful business. We are committed to adhere to every valid and binding contractual agreement that we conclude. We oppose any action that breaches anti-corruption laws of all the countries in which we operate. Engaging with us implies adhering to uncompromised integrity at all levels. This is our pledge in delivering sustainable solutions that will never undermine our reputation or the companies that we work with.

INFORMATION TECHNOLOGY & COMMUNICATIONS

At Octopus Digital, we are committed to delivering information transparently to protect the reputation of the company and that of the stakeholders, and to promote the integrity of the company. Regardless of the purpose of the communication, every employee at Octopus Digital is responsible for delivering our message within the provision that has been set to ensure accuracy and safeguard internal and external stakeholders. We are committed to protect our customers and employees from internal or external information security threats, whether deliberate or accidental.

EMPLOYEE EMPOWERMENT FRAMEWORK

At Octopus Digital, we hire highly talented, energetic, and dedicated resources who can make a real contribution to our success. As an employer we believe our people are our biggest asset and our greatest investment in future, which is essential to long-term business success.

We go the extra mile in equipping them with the skills necessary for their professional growth, recognizing them for their outstanding performance and providing them with a world class experience to deliver their best in an enabling environment.

EQUAL EMPLOYMENT AND ANTI-HARASSMENT

Octopus Digital has and will always be an equal opportunity employer. We believe that everyone benefits from a co-building and positive work environment. Therefore, we have zero tolerance for any form of discrimination or harassment.


- Non-discriminatory Policy
- Social Compliance Policy
- General Working Policy

The Company is proud to be an equal opportunity employer. At Octopus Digital we are totally blind to gender, religion, disability, ethnicities, and discrimination. To think out of the box is a major ingredient required to be part of the Octopus team.

CUSTOMER CENTRICITY AND SUSTAINABILITY

Octopus Digital's expresses its commitment toward its customers through the qualitative execution of our sound solutions and strong work ethics. In order to achieve sustainable growth, we place sustainability at the center of what we do by making a positive difference in the lives of the people and communities we work with through sound and impactful investments.

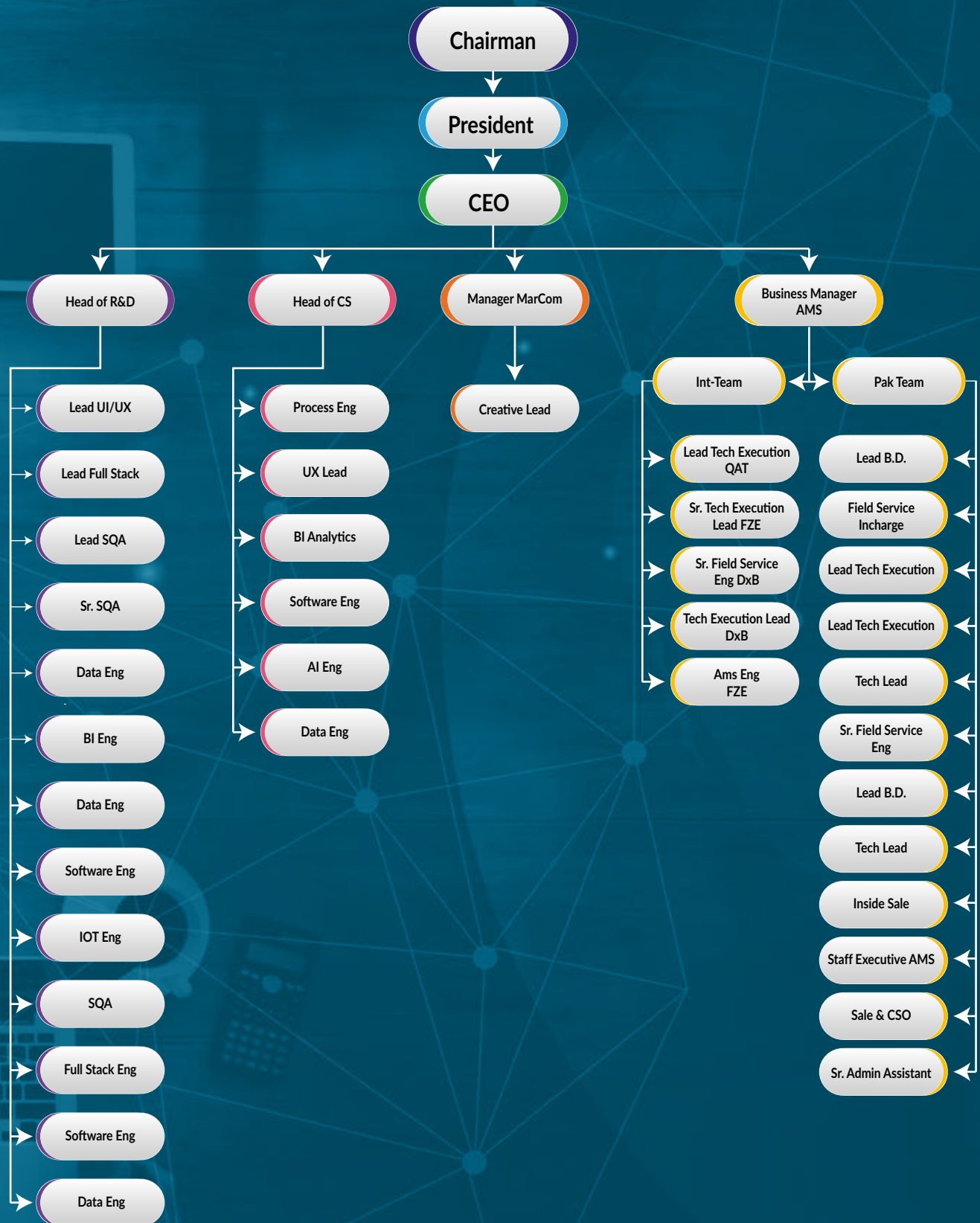


| | | | | |
|-------------|---|--------|-----------------|----------|
| 2,338,000 | KOTIC | 165.35 | 165.35 | 11.53 |
| 16,847,265 | Kohat Cement Co... | 9,300 | OCTOPUS DIGITAL | 21 7.49% |
| 2,314,500 |  OCTOPUS | 50.42 | 50.42 | 3.51 |
| 115,700,590 | Octopus Digital... | 1,000 | 50.42 | 7.46% |
| 1,949,900 | KPUS | 60.44 | 60.44 | 4.20 |
| 154,457,740 | Khairpur Sugar ... | 500 | 60.44 | 7.46% |
| 1,740,819 | SASML | 14.20 | 14.20 | 0.95 |
| 146,830,618 | Sindh Abadgars ... | 500 | 14.20 | 7.16% |
| 1,389,000 | POWER | 7.24 | 7.36 | 0.47 |
| 3,805,350 | Power cement Li... | 7,000 | 6.99 | 6.94% |



Organogram





Nature of Our Business

SMART MANUFACTURING AND INDUSTRY 4.0 MARKET SIZE AND FUTURE OUTLOOK -

The global smart manufacturing market size is estimated to reach USD 589.98 billion by 2028, registering a CAGR of 12.4% from 2021 to 2028. Increasing adoption of technologies, including big data analytics, smart robots, and industrial IoT, in manufacturing facilities is a key factor propelling the market growth. Additionally, small, and medium enterprises are increasingly integrating plant asset management, Manufacturing Execution Systems (MES), and 3D printing solutions, accelerating the market growth.

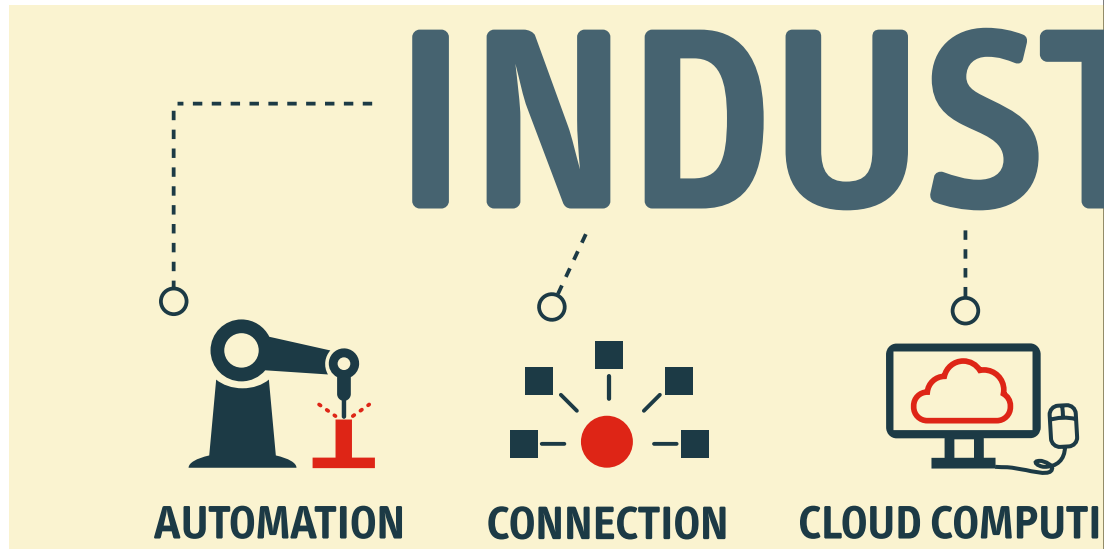
OPPORTUNITIES AND FUTURE DIRECTIONS OF SMART MANUFACTURING IN THE GLOBAL MARKET -

According to McKinsey, the accommodation and food services tend to automate by 73%, manufacturing, transportation, and warehousing industries have the potential of 60% to automate.

There is a gap between existing with the future manufacturing system and shows the necessity and opportunities of smart manufacturing/industry 4.0 technology. The current systems lack many components and functions compared with smart manufacturing technologies. The major considerations of smart manufacturing systems like self-configuration, self-optimization, early awareness, decision-making and predictive maintenance are still lacking in the most advanced manufacturing system.

Key Market Insights:

- A shift from operational technologies to effective artificial intelligence and data analytics is expected to emerge as a major market trend
- Internet of things has gained popularity in the global manufacturing sector owing to benefits such as reduced operational costs and increase efficiency and productivity



- The integration of hardware and software is expected to be the prime focus of solution providers. Unified design architecture and cyber-physical systems are expected to witness high demand in the market
- Developed economies are supporting digitalization to reintroduce industrialization into their turf while developing countries are making investments in smart technologies to comply with international manufacturing standards and trends.

CHALLENGES FOR PAKISTAN SMES

Small and medium enterprises (SMEs) play a vital role in the development of any economy. In Pakistan, SMEs comprise of a total of 90% enterprises. SMEs contribute to 40% of GDP and 30% in all exports. SMEs are located across Pakistan such as 65.4% in Punjab, 18% in Sindh, 14.3% in Khyber Pakhtunkhwa, and 2.3% in Baluchistan. SMEs in Pakistan employs 75 percent of the non-agriculture workers with 30 percent manufacturing. Therefore, there is substantial significance to explore the potential challenges faced by SMEs in Pakistan.

The disruptive technologies of the fourth industrial revolution have ignited the flexibility and dynamic nature of the market. Industry 4.0 requires

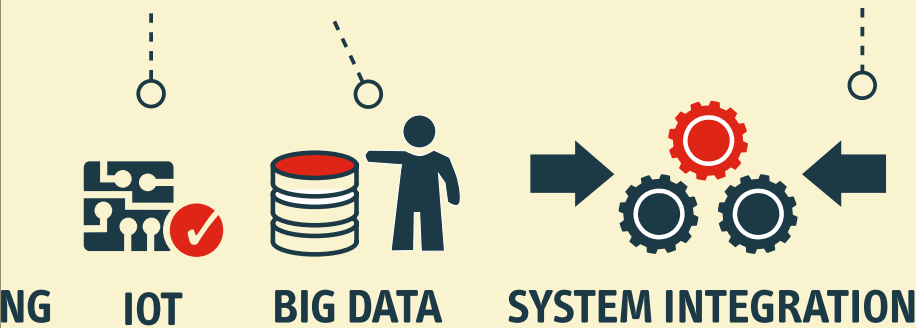
firms to deliver highly customized and high-quality products at low price and on time. However, the SME sector is not performing up to the standard. The SMEs in Pakistan are presently coping the challenges such as limited access to finance, the undue compliance and excessive paperwork imposed by regulators, lacking mechanism of talent management, lacking skilled workforce, absence of networking and collaboration, mismanagement of raw material, and insufficient infrastructure.

Some of the major roadblocks SMEs facing in adopting Smart Technologies/ Industry 4.0 for their manufacturing are as follows,

System Integration

A major challenge in implementation of a smart manufacturing system is the integration of new technology equipment with the existing ones. The compatibility of existing devices to the new devices causes various problems in the implementation of smart manufacturing technologies. The old machinery which is being controlled by communication protocols might be outdated and new devices may have a different protocol. Also, the machine-to-machine communication and the interconnectivity of the system requires the better communication system. The recent manufacturing systems require IPv6 connectivity to support more devices connected at the same time.

INDUSTRY 4.0



Risk of Data Security

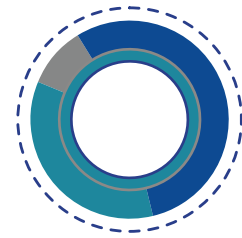
The internet of things, services, data, and people also open avenues for data theft, industrial espionage, and threats of hacks. Majority of manufacturers believe the level of cyber risk could increase as a result of Industry 4.0. Cyber-attacks and viruses can have a devastating impact on Industry 4.0, potentially bringing networked and smart production systems to a standstill at a substantial cost. These risks however could be managed through tailored risk management and an appropriate security strategy. The priority for manufacturing companies is not only to prevent cyber-attacks but also to learn how to deal with them.

IT Infrastructure

In most manufacturing outfits, the IT Infrastructure is not wholly ready to support the Digital Transformation to Industry 4.0. Industry 4.0 requires existing installations to be adapted and in some cases, entirely new infrastructures need to be deployed. Diverse systems need to be networked and learn to communicate with each other. New communication systems need to be developed from scratch. The cost implications are a key factor for all manufacturing companies when making decisions as to whether to improve existing IT infrastructure or to design and develop new systems.

Additional key findings include:

- Smart manufacturing adoption accelerated by 50%. Technology and automation are driving the next generation of manufacturing, and smart manufacturing adoption will continue to accelerate in 2022.
- The pandemic exposed three evolving business challenges. Supply chain management, skilled worker shortages, and risk mitigation, all require a new approach. 61% of organizations do not have a risk mitigation plan in place. The COVID-19 pandemic both exposed and exacerbated pre-existing conditions in manufacturing. More than 83% of executives believe smart manufacturing is key to their organization's future success.
- Once over-hyped technologies are now solving today's problems. Cloud, industrial hardened devices, and process automation are helping companies overcome challenges with the skilled worker shortage, supply chain management, and risk mitigation. Specifically, 64% of organizations agree that technology can reduce hiring challenges and fuel growth in the next five years.



45% ● A combination of both
38% ● Buy in new technology
17% ● Upgrade existing machinery

THE INDUSTRY 4.0 SNOWBALL ROLLOUT

As 4.0 technology improves and costs decrease, the implementation of fully autonomous capabilities is expected to surge.

A global survey of businesses for their 2025 production plans show that 17% are anticipating having completely fully autonomous manufacturing, while 79% of manufacturing will be human-driven but digitally-augmented to some degree. And like other industrial revolutions before, the technological rollout quickly creates a snowball effect that speeds its growth:

- Demand increases for cyber physical systems and smart machines.
- The supply of smart-capable machines with semiconductors increases.
- Bigger and more robust networks of machines are assembled.
- Improved capabilities further increase demand.

Many industries can benefit from 5G, IoT, and more robust usage of data and machines in some way. The question of when your sector will see Industry 4.0 is either sooner than you think, or it has already begun.

Disclaimer:

The views and analysis expressed in this section are reproduced from news outlets and researched reports. Respective links are mentioned below for your consideration.

Sources:

<https://www.visualcapitalist.com/industry-4-0-what-manufacturing-looks-like-in-the-digital-era/>
<https://www.sciencedirect.com/science/article/pii/S2666188820300162>
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Strategic Partnerships

MUTUAL BENEFITS THAT LEAD TO LONG TERM SUCCESS

Octopus Digital aims to create positive relationships with people and companies who could add value to our solutions. Partnerships work in many ways to spur growth and the most important aspect is accepting the right partner.

Octopus Digital's main goal is to find new partners who can compliment the solutions we aim to provide our customers. Here are highlights of some of our collaborations with more in the pipeline.

Microsoft: March 2019

OCTOPUS DIGITAL PARTNERS WITH MICROSOFT TO BRING HIGH END DIGITAL/INDUSTRIAL IOT SOLUTIONS TAILORED FOR MANUFACTURING INDUSTRY

Octopus Digital partnered with Microsoft Corporation to create a collaborative and co-development business model to cater the industrial sector. By providing end to end data driven services, advanced analytics for collaboration, prediction, exploration and optimization of manufacturing processes, Octopus Digital along with Microsoft aims to deliver digitalization of physical assets on a plant floor.

Through this partnership, Octopus Digital will join forces with Microsoft to open up new markets in the manufacturing and process industry space. Octopus Digital is hoping to reap great benefits out of Microsoft's IP Co-Sell initiative which offers its partners a unique opportunity of reaching more customers around the globe and accelerating revenue generation. Moreover, this partnership also reflects the desire to drive joint revenue and customer success through collaborative selling initiatives and a shared passion for innovative products and services.

Hub Power Services: May 2021

OCTOPUS DIGITAL AND HUB POWER SERVICES LIMITED SIGN AN MOU TO FUEL DIGITAL TRANSFORMATION

The MoU will Accelerate the Industrial Ecosystem to realize Industry 4.0 and Unlock New Business Opportunities for both Organizations.

Octopus Digital signed an Industry 4.0 and Digital Transformation Partnership Memorandum of Understanding (MoU) with Hub Power Services Limited

(HPSL), a wholly owned subsidiary of The Hub Power Company (HUBCO), the largest Independent Power Producer (IPP) in Pakistan. As per the MoU, Octopus Digital will enable Digital KPI Dashboards, Cloud based Reporting and Data Driven Asset Maintenance Services for HUBCO's Power Plants. Both companies will also work out a joint business plan for co-marketing and co selling dashboarding services to other industries within Pakistan and abroad.



Asmar Atif, Chief Intrapreneur Octopus Digital and Kaleem Khan, Plant Manager (Head of Engineering & Tech) HUBCO signed the MoU with Tanveer Karamat (President Avanceon Limited) while Bakhtiar H. Wain (CEO & Founder Avanceon Limited) and Tahir Javaid (CEO HPSL) joined the ceremony virtually.

Octopus Digital has the distinction of being an Industry 4.0 pioneer in Pakistan and the Middle East by providing major multinationals Digital Dashboards, Prediction via Machine Learning and Cloud Computing without



any Capex Investment. Through its unique monthly subscription model, the fundamental needs of the industrial process monitoring, measurement, and performance reporting are met via cloud hosted Topware™.

As the largest IPP in Pakistan, HUBCO has a combined installed power generation capacity of nearly 3,000 MW, through its existing power plants and Joint Ventures. Additionally, HUBCO is constructing 2 more power plants with a total power generation capacity of 660MW. HUBCO is the only power producer in Pakistan with investments in 4 projects listed under CPEC, valued at approximately \$4billion. HPSL manages Operation & Maintenance (O&M) of HUBCO's existing power assets and explores other O&M business opportunities onshore and offshore.

Both organizations have a combined vision of increasing productivity and monitoring through ethical AI and single version of the truth for all and have laid a solid foundation of channel partnership by signing the Industry 4.0 and Digital Transformation MoU.

As per the terms of the MoU, both companies will work on existing and explore new markets while helping HPSL upgrade its services through cloud based real time monitoring. Furthermore, training of the existing staff and onboarding of the team with the required expertise is also planned to be included in the initial phase of the deal. HPSL will provide relevant inputs and expertise to Octopus Digital to enhance its Topware™ Digitalisation Portfolio and Services Suite.

Core Competencies



AFTER MARKET SUPPORT -

At After Market Support, we stand committed to our customers to offer service partnership to maintain, support and optimize the performance of our installed base. The services transform how plant assets are managed, offering assured system performance and outcomes while allowing users to focus on operations.

Through our flexible support services level programs, we have helped our customers achieve sustained performance of the control systems by developing a proactive maintenance path with defined metrics and reporting to demonstrate performance. Our Services Level Agreement (SLA) offers a clear contract with defined metrics, active support management and outcomes that provide optimal results for users' process control investments.

AMS helps reduce unplanned events, resolve problems faster, improve performance and manage life cycle planning of systems to help create a more efficient plant and maximize return on investment.

What Does Octopus Digital Do - Octopus Digital helps businesses in their journey towards digital mastery through,

- Service-Based Business Model
- Monthly Subscription Service Packages
- Zero CAPEX. Total OPEX
- On-Demand and Self-Service Analytics
- Cyber-Secure. IoT/Cloud-Native

How Octopus Digital Accomplishes It - Octopus Digital's team of Design-Thinkers, Process Experts and Data Scientists help

- Develop a Comprehensive Digital Journey Roadmap
- Plant Information & Asset Management Dashboarding
- Optimization of Critical KPIs
- Multivariable Predictive & Prescriptive Insights
- AI-Powered Process Modelling

Octopus Digital Provides End-To-End Digitalization - Simply, Quickly and Securely

The Next Generation of Business Intelligence isn't siloed in systems or dependent on fancy dashboards. Instead, insights appear instantly, making it easier to see change and take action.

- **Decision Support:** Receive automatic alerts for your most important KPIs and keep your eye on the big picture
- **Digital Twinning:** Topware™ creates a digital twin of every asset and entire process to connect, analyze and optimize.
- **Automate Reporting:** Measure productivity by exporting and emailing reports to stakeholders
- **Consulting 4.0:** Schedule periodical sessions with process experts and data scientists to deep dive into a single version of truth

CONNECT AND ANALYZE DATA FOR DECISION SUPPORT

We deliver insights on complex data so that every user across the organization can achieve better outcomes. Our Cloud-Native, AI-Powered Topware™ presents data in a way that lets even non-IT/OT professionals gain insight and take action.

Changing the Way you Think about Data

- **Simplify Complexity:** Topware™ compiles data from multiple sources in an enterprise to create Single Version of Truth
- **Deploy & Adapt Quickly:** Topware™ becomes operational in 07 days followed by a 30-minute user Orientation & Training
- **Drive Impact:** Topware™ aligns teams, their business objectives and key results on real-time basis

What's in it for the Customers -

Topware™ helps accelerate operational & strategic decision-making without IT/OT bottlenecks through a single-step monthly-subscription





- **Analytics as a Service** - The health of your organization on a single screen. Our Analytics as a Service provides additional insights that enable analysts and end-users to have easy access to data from multiple sources and explore the information at hand interactively and collaboratively.
- **Infrastructure as a Service** - Eliminate the capital expense and reduce operational costs. Our Infrastructure as a Service is robust and secure. We partner with the best to keep your data secure and readily available with no downtime. Respond quickly to shifting business trends through a stable and reliable infrastructure. Our proprietary BTMI (Build, Train, Maintain, and Improve) model provides our customers peace of mind with regard to their critical assets.
- **Aftermarket as a Service** - Our strategic approach enables our customers to focus on the core business while their systems are managed and maintained by Octopus Digital's highly reliable team of trained professionals

TOPWARE™ - Topware™ is subscription-based decision support solution for digital dashboarding, analytics and prediction.

The Topware™ Digitalization Service Suite is an end-to-end solution that automates the entire customer service and asset maintenance cycle – from short-term decision making in the control center to long-term maintenance p

- Advanced Dashboard with EDA
- Predictive Decision Support Service
- Prescriptive Decision Support Service

- Auto-ML Digitalized Command and Control

Decision Support Solution (DSS) for Business Intelligence and Valuable Insights

- Digital Dashboarding
- Prediction and Prescription
- Autonomous Command Centre

OMNICONNECT™ - OmniConnect™ establishes Big-Data Data Lake and dashboards within hours and on a fixed cost basis without any coding or programming.

Octopus Digital's Secret Sauce - Innovation in the Operational Technology (OT) space

- Big Data - Establishes Data Lake in a few clicks. Maintenance & Licensing-free
- Portable - Data travel in and out of Data Lake is fast, secure & hassle-free
- Machine Learning Ready - Can connect with any third-party tool for custom data treatment

Our Value Proposition -

Decision Support Solution Enabled Within 1-2 Weeks on a Monthly Subscription Model

- No Upfront Investment
- No Hardware and Software Costs
- No Engineering Costs

Core Functions -

- A One-Way OPC Connection
- Quick Build Up to Enable Dashboards
- An Hour of Customers Time to get Started

What the Company Needs to Get Started -

- Key Parameters
- Indicators

- Performance Calculations
- Historical Analysis

Cloud Native Decision Support

Solution - Partnership with Microsoft Corporation for Open-source, Cloud Native Digital Services

- Online accessibility via Microsoft Azure 24x7x365
- Data storage on a cloud native data lake for analytics
- Oil accounting and asset performance monitoring
- Dashboarding & reporting secured from Cloud
- Power-BI for reports & data analysis
- Perpetual changes and modifications included

To find out more about Octopus Digital's products and services, contact support@octopusdtl.com.



Customer Portfolio



Octopus Digital offers state-of-the-art Decision Support System enabled within 1-2 weeks on a monthly subscription basis. No upfront investment, no software and hardware costs and no engineering costs are incurred to the customer. The Octopus Digital value proposition includes scalable, reliable, maintainable, and secured services which is available on a single click, from anywhere, at any time.

Octopus Digital has partnered with Microsoft Corporation for open-source, cloud native digital services offering online accessibility through Microsoft Azure 24x7x365. Dashboarding and Reporting Secured from Cloud. Data storage on a cloud native data lake for analytics. Power Bi for reports and data analysis. Oil accounting and asset performance monitoring. Perpetual changes and modifications included.

Octopus Digital has successfully developed Proofs of Concepts for major multinationals.

Octopus Digital secured multiple high value contracts in 2021. Here is a rundown of some of the major successes.

December 2021 - Octopus Digital Signed a Five-Year Maintenance Service Agreement with a Major Cement Manufacturer in Pakistan. The Contract Valued at 120 million PKR Marks Octopus Digital's Entry into the Thriving Construction Sector. Octopus Digital will play a critical role in helping the cement plant operations become efficient and cost effective through its state-of-the-art decision support system (DSS).

December 2021 - Avanceon Group of Companies Secured a Five-Year Contract to Setup and Maintain Industrial Data Center Infrastructure

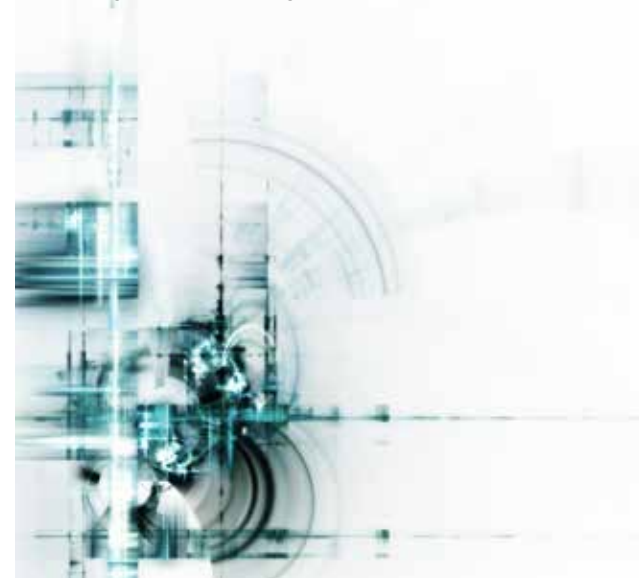
for a Major FMCG Corporation in Pakistan. The Project Valued at One Million USD will see Octopus Digital Migrate Existing Critical Data to a Centralized Global Network for the Customer. The project holds critical value for the customer as Octopus Digital will be responsible for the Migration, Integration, Setup, and Security of the Data Center Infrastructure.

August 2021 - Octopus Digital and Avanceon Middle East & South Asia Teamed Up to Implement Industry Leading Fuel Retail Automation Solution for Gas & Oil Pakistan Ltd.. Avanceon Limited and Octopus Digital will combine their respective expertise to deploy state of the art fuel retail automation solution on multiple sites for Gas & Oil Pakistan Ltd (GO). The fuel retail solution will help GO maintain and streamline all elements of the forecourt environment by taking wetstock inventory from tanks, sales, and delivery reconciliation to detect and reduce fuel losses, maximize uptime, and increase productivity and efficiency.

June 2021 - Octopus Digital Secured a Ten-Year Contract with one of the Largest Tea Manufacturers in Pakistan. Octopus Digital Limited, a 100% wholly owned subsidiary of Avanceon Limited, has been contracted by one of the largest tea manufacturers to ensure overall equipment efficiency (OEE) on two of its plants. The Service Contract worth more than 100 million PKR will see Octopus Digital Ensure OEE Data Acquisition for Machines Integration with SAP for the Customer.

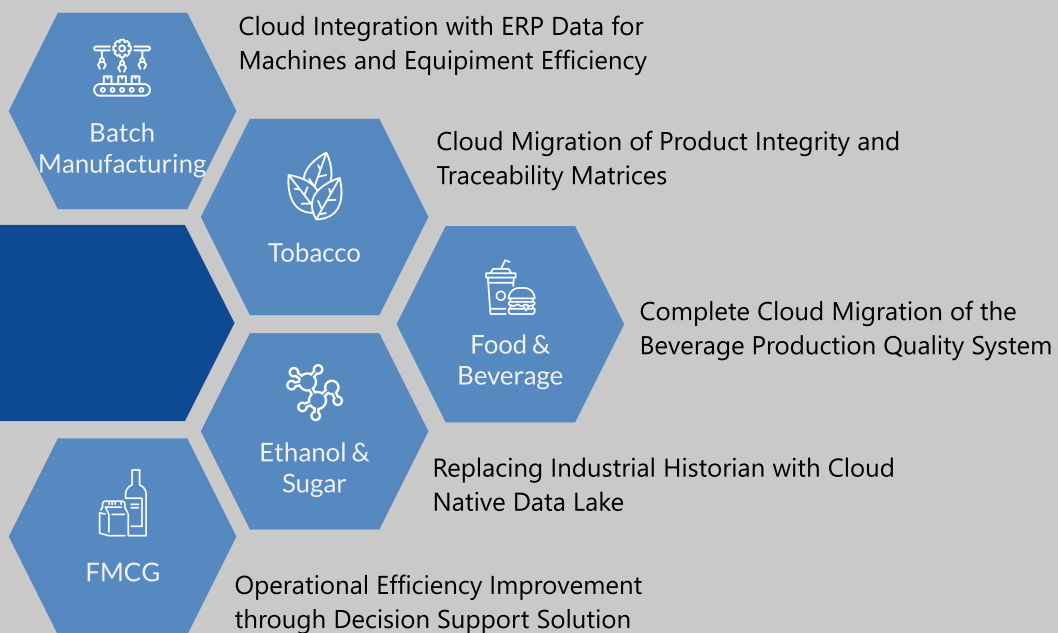
May 2021 - Another Step Forward for Digitalization of the Industrial Sector in Pakistan. Octopus Digital and The Hub Power Company Limited (HUBCO) Signed MoU to Fuel Digital Transformation. The MoU will

Accelerate the Industrial Ecosystem to realize Industry 4.0 and Unlock New Business Opportunities for both Organizations. Find out more about this strategic MoU by visiting.



Recent Proofs of Concepts

Major multinationals for Decision Support Solution, Prediction via Machine Learning without any Capex Investment



HR Updates

Octopus Digital's Human Resource Dept. has a clear vision for the next three years. It aims to build a strong, productive, and engaged team and have Octopus Digital recognized as a preferred employer and provider of innovative and results oriented human resources services, policies, and systems. Octopus Digital plans to hire 84 resources till the end of FY 2024. The concentration of the recruitment will be spread over different departments.

Since September 2021, Octopus Digital has recruited 10 associates which is a 70% increase in the Octopus Digital workforce.



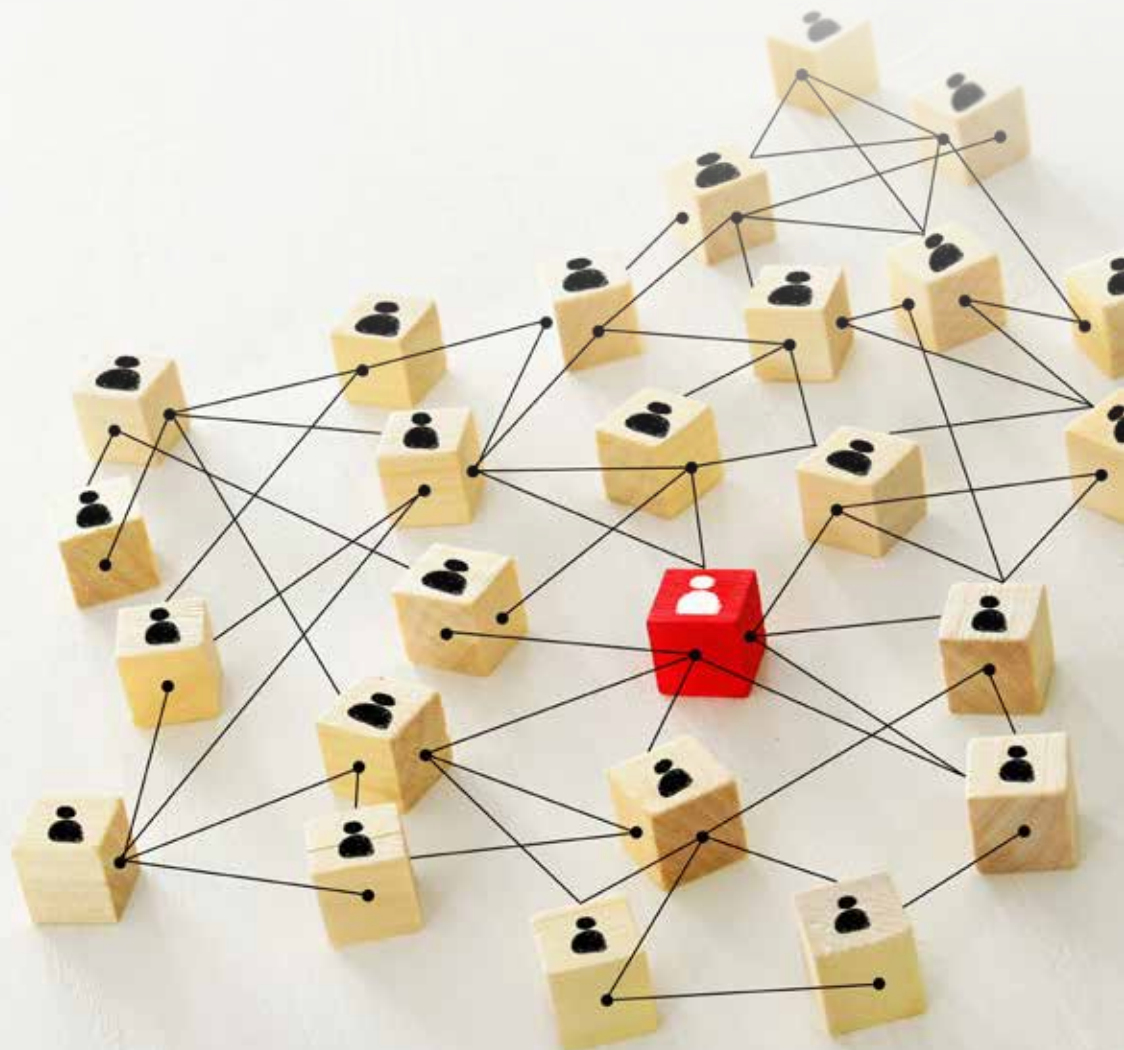
Apply now

The core objectives of the Octopus Digital Human Resource Dept. will be to,

- Define Organizational Structure and Drive Productivity
- Build Coordination between Departments
- Establish and Sustain Employee Satisfaction and Wellbeing
- Keep Up with Societal and Ethical Models
- Achieve Organizational Goals

The Human Resource Dept. must assist employees in achieving their personal goals, such as higher wages and salaries, job satisfaction, better

working conditions, standard working hours, promotion, motivation, welfare facilities, prestige, recognition, status, social security leading to employee satisfaction. The Human Resource Dept. should motivate the employees and keep their morale high. It is imperative to convert the organization into an engaged workplace by bringing together both engaged employees and engaged employer. Employee engagement ideas encourage employees to gain confidence in the organization. The Octopus Digital Human Resource Dept. aims to accomplish these objectives and more over the next few years.



Corporate Governance

The international standard on social responsibility, defines organizational governance as “a system by which an organization makes and implements decisions in pursuit of its objectives.” Governance systems include the management processes designed to deliver on performance objectives while considering shareholder’s interest.

Achieving optimal corporate governance level entails transparency of information, high ethical behavior, and a strong internal control system. Maintaining balance in interests of all stakeholders whether internal or external is the key output of a strong corporate governance environment in an organization.

The Board of Directors is committed to the principles and do comply with requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019. The management believes in the philosophy of “doing the right things for the organization and doing things the right way independent of personal interests.”

In this regard at Octopus Digital Limited, a strong internal control

system and risk management policies are in place. This ensures.

- Efficient and effective operations of the Company,
- Safeguarding of assets and shareholder wealth,
- Compliance with the local laws and regulations
- Financial accounting & reporting in accordance with the International Accounting Standards [IAS] and International Financial Reporting Standards [IFRS].

ROLE OF THE BOARD OF DIRECTORS

The Board has a fiduciary duty for the proper line of action and management of the Companies activities, though not exhaustive this duty includes:

- Company’s Business Risks- Identification and Control
- Management Information system transparency
- Timely and effective reporting to shareholders

The Board is also responsible primarily for a strong Internal Control environment thus evolving and implementing the

required overall control system. The Internal Control system includes:

- Procedures, policies & guidelines,
- Division of responsibility and Authority Organogram,
- Internal audit,
- Qualified Professionals manning to run the key jobs and
- Continuous rigorous training for improvement.

STATEMENT OF DIRECTORS’

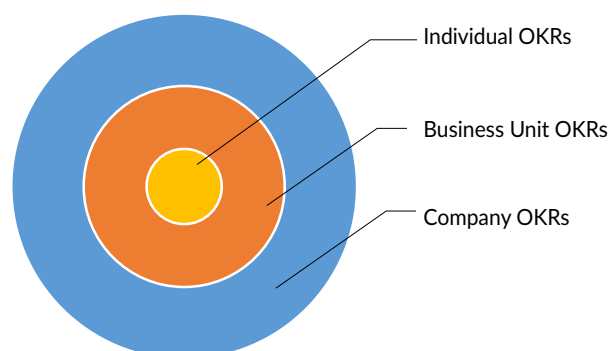
Responsibilities

The Board regularly reviews the Company’s strategic direction. Annual plans and performance targets for business are set by the Chief Executive and are reviewed in total by the Board in the light of the Company’s overall objectives. The Board is committed to maintain the high standard of good corporate governance. The Company acts in compliance with the provisions set out by the Securities and Exchange Commission of Pakistan and accordingly amended listing rules of the Pakistan Stock Exchange. Following are the Statements on Corporate and Financial Reporting Framework:

- a. The financial statements, prepared by the management of the Company,



Corporate Governance



present its state of affairs fairly, the results its operations, cash flows and changes in equity.

- b. Proper books of accounts have been maintained by the Company.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There are no doubts upon the Company's ability to continue as a going concern.
- g. The best practices of the Corporate Governance, as detailed in the listing regulations have been followed.

RESPECTIVE ROLE OF THE CHAIRMAN & THE CEO

The Chairman of the Board manages and provides leadership to the Board of Directors of Octopus Digital, with its focus on all strategic matters.

The roles and responsibilities of the CEO include developing the Company strategy, supported by yearly business plans and budgets, for Board approval; running the business in accordance with Board decisions; achieving the Company's financial and operating goals and objectives; succession planning; information technology planning; monitoring

and reporting the Company's performance and compliance imperatives to the Board.

The Board comprises of two executive and five non-executive directors including two independent directors. All the directors keenly take interest in the proper stewardship of the Company's affairs. the existing directors' tenure will complete three years period on 08 June 2024. The Board has constituted the following committees:

- a. Audit Committee
- b. Human Resource and Remuneration Committee
- c. Executive(s) Board

Through its committees, the Board provides proactive oversight in some of the key areas of business and the performance of CEO. The Board regularly reviews the respective charters of these committees.

THE EXECUTIVE BOARD

The Executive Board is responsible for the overall achievement of Objectives Key Results (OKRs). A management methodology that helps to ensure that the company focuses efforts on the same important issues (role alignment) throughout the organization. This encompasses mapping leadership OKRs on company's success, drive performance and review to track progress using OKRs score card.

The Executive Board Comprises of key management leadership across the board from sales, engineering, finance, HR and Corporate globally. The Executive Board s mandate is to steward the corporate plan, via monthly/Quarterly meetings, ensuring projects delivery on time, improving execution and removing any hitches, availability of free cashflows, fixed cost event-oriented analysis, taking preventive/corrective actions and increasing the wealth of shareholders. The main driving factors include

- PO Generation
- Revenue recognition
- Invoicing
- Collection



CEO PERFORMANCE REVIEW BY THE BOARD

The Board of Directors evaluates the chief executive officer annually in light of corporate goals and objectives including performance of the business, accomplishment of long-term strategic objectives, development of management, etc., as established. The evaluation has been communicated to the chief executive officer and the chairman of the Board.

MANAGEMENT INITIATIVES ON CORPORATE GOVERNANCE-

The Company is in line with a clear plan to train its key management personnel starting from the CEO & Chairman of the Board down to key executives inclusive of female executives in line with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019. The training does not end here but would continue for enhancing roles and responsibilities strategic planning through various models and analysis matrices; succession planning; risk management and internal controls.

ETHICS

Ethics are an integral part of the professional culture cultivated at Octopus Digital.

The yard stick for measurement lay a line of guidance for the behavior and conduct of all employees enabling them to meet objectives efficiently, transparently and fairly. There is a comprehensive, well-structured ethics program, based on a code of conduct, which has been approved by the board and is applicable to all employees.

The ethics program includes:

- Code of ethics
- Training for employees
- Whistle Blower Policy

CODE OF CONDUCT

The Board has adopted a code of conduct for its members, executives, and staff, specifying the business standards and ethical considerations in conducting its business. The code includes:

- Corporate governance
- Relationship with employees, customers, and regulators
- Confidentiality of information

- Trading in Company's shares
- Environmental responsibilities
- Harassment Policy

CORPORATE SOCIAL RESPONSIBILITY

Avanceon group takes corporate social responsibility seriously. Through giving back to the people that work with us and the communities where we operate, we create meaningful societal values and traits.

The same legacy continues at Octopus, we support the children of our support staff all the way from primary school enrollment inclusive if all financial support up to university level, and not only that, but also work towards finding them a suitable job.

OCCUPATIONAL ENVIRONMENT PROTECTION, SAFETY AND HEALTH

A Healthy and safe team is one which brings excellent results. We take pride in investing in safe work environment. Octopus Digital carries out regular activities to ensure safety and health of its resources and maintains a clear and clean work environment. Regular fumigation, air purifiers, sanitization beyond Covid-19 continuance, facilities of filtered drinking water, equipment for fire fighting and safety are a few to mention.

The Company has established a safety department led by an experienced member of staff, equipped with sophisticated firefighting and safety equipment. The Company is dedicated and committed towards protection of the environment, energy conservation and welfare of all staff and broader society.

EQUAL OPPORTUNITY EMPLOYER

The Company is proud to be an equal opportunity employer. At Octopus Digital we are totally blind to gender, religion, disability, ethnicities, and discrimination. To think out of the box is a major ingredient required to be part of the Octopus team.



The dynamic corporate world of governance laws demands vibrant pace to ensure corporate governance. At Octopus Digital we strive to follow the best corporate and governance practices. Our aim is to be transparent and align the interest of all stake holders.

Ahsan Khalil – ACA-FPFA (Company Secretary)

Whistle Blower Policy

"SPEAK OUT!"

The Company and all its subsidiaries have applied a number of policies related to ethics and responsible behavior 'which define the high standard of governance and business conduct to which we pledge ourselves as an organization.

This has always been our core strength and is reinforced through voluntary reporting of irregularities and periodic reviews of business practices.

A concrete Whistleblower system is in effect at the Company. The Company expects employees, suppliers and contractors at all affiliated companies

to not only abide by our standards of business conduct but come forward without fear and speak out about any concerns they have regarding business ethics, safety, environmental performance, harassment and other employment related matters or other possible breaches of compliance.

Considerable efforts are made to maintain the confidentiality of complainants and to protect them from any form of retaliation or victimization for genuinely held concerns that are raised in good faith.

Speak-outs are encouraged to report

serious concerns that could have a significant impact on these organizations, such as actions that

- are unlawful or may damage the reputation of Avanceon or an affiliate
- are fraudulent and lead to a loss of assets
- may be intended to result in incorrect financial reporting
- are in violation of various corporate policies governing business conduct
- are in violation of Safety Health & Environmental standards applicable to the business
- give rise to harassment, discrimination or other unfair

Independent **"Speak Out"** hotline **0092-42-37515129** or email to **speakout@octopusdtl.com**. to raise concerns. You can also write to **Speak Out (PO Box 4012, Lahore - Pakistan.)**

Note: During the year 2021 no cases were reported, highlighting ethical commitment of Company's stakeholders'.

OCTOPUS DIGITAL



I'M ETHICAL



I'M HONEST



I'M TRANSPARENT



I'M UNBIASED



I'M CAREFUL

Review Report to the Members

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Octopus Digital Limited

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Octopus Digital Limited ("the Company") for the period from 5 October 2021 to 31 December 2021 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the period from 5 October 2021 to 31 December 2021.



EY Ford Rhodes
Chartered Accountants
Audit Engagement Partner: Sajjad Hussain Gill
Lahore: 19 April 2022
UDIN: CR202110087rd09Hw12b

Statement of Compliance

Annexure A
[see regulation 36(1)]

with Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of Company: **Octopus Digital Limited**

For the period ended: 5th October 2021 to 31st December 2021

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following, -

- a. Male: Six (06)
- b. Female: One (01)

2. The composition of Board is as follows:

| Category | Name |
|-------------------------|---|
| Independent Directors | Mr. Mohammad Shahid Mir Ms. Saleha Asif |
| Non-Executive Directors | Mr. Bakhtiar Hameed Wain Mr. Tanveer Karamat Mr. Junaid Mushtaq Paracha |
| Executive Directors | Mr. Asmar Ahmed Atif Mr. Adeel Khalid |
| Female Directors | Ms. Saleha Asif |

* Two independent directors were appointed and fraction of 0.33 was not rounded up since the fractions is below half (0.5), accordingly the fraction contained in such one-third is not rounded up as one.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. No Directors' Training Program has been arranged during the year due to the fact that the company got listed on PSX in October 2021. However, the Company undertakes to arrange training programs within the prescribed time line by the Regulations, for the all the Directors except below who are already trained as per the Regulations.

| | |
|--------------------------|------------------------|
| Mr. Bakhtiar Hameed Wain | Non-Executive Director |
| Mr. Tanveer Karamat | Non-Executive Director |

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;

12. The board has formed committees comprising of members given below:

a) Audit Committee

Mr. Mohammad Shahid Mir
Chairman/Independent Director

Mr. Bakhtiar Hameed Wain
Member/ Non-Executive Director

Mr. Tanveer Karamat
Member/ Non-Executive Director

Mr. Junaid Mushtaq Paracha
Member/ Non-Executive Director

b) HR and Remuneration Committee (Name of members and Chairman)

Ms. Saleha Asif
Chairman/Independent Director

Mr. Mohammad Shahid Mir
Member/ Independent Director

Mr. Bakhtiar Hameed Wain
Member/ Non-Executive Director

Mr. Tanveer Karamat
Member/ Non-Executive Director

Mr. Junaid Mushtaq Paracha
Member/ Non-Executive Director



- 13.** The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
- 14.** The frequency of meetings (quarterly/half yearly/yearly) of the committee were as per following,
- | | |
|-------------------|--|
| Audit Committee | One meeting was held during the financial year ended December 31, 2021 after the listing of company on PSX. (Date of Listing: October 5, 2021) |
| HR & Remuneration | One meeting was held during the Committee financial year ended December 31, 2021. |
- 15.** The Board has set up an effective internal audit function to who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
- 16.** The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
- 17.** The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 18.** We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with;

On Behalf of the Board

Bakhtiar H. Wain
Chairman of the Board

Lahore, Pakistan
Octopus Digital Limited
March 25, 2022

Corporate Policies



DISCLOSURE OF POLICY FOR ACTUAL AND PERCEIVED CONFLICTS OF INTEREST

Octopus Digital's disclosure of policy for actual and perceived conflicts of interest is covered in the Conflict-of-Interest Policy, which requires employees to disclose relationships with a potential Guarantor or Vendor and provides guidance on managing conflicts. The purpose of this policy is to provide guidance in identifying and handling potential and actual conflicts of interest involving the organization, and is applicable to all permanent, contractual, and daily wage employees. Any action by an employee, which deliberately or recklessly breaches this conflict-of-interest policy, may result in disciplinary action which may lead to termination of employment.

DISCLOSURE FOR IT GOVERNANCE POLICY

Information Security governing policy is covered in the Acceptable Use of IT Resources. The policy describes the acceptable use of IT resource for the Company. The purpose is to outline the usage of Octopus Digital IT resources by all its employees. This policy applies to the use of all Octopus Digital IT resources (e.g., desktop computers, laptops, printers, disk space storage, software, telecommunications equipment, networks, Internet, E-mail, etc.) and supporting infrastructure that is owned, leased, or controlled by Octopus Digital and used by its employees, contractors, interns, or other personnel at the Central, Regional, and Satellite office locations.

OCTOPUS DIGITAL'S WHISTLEBLOWER POLICY – "SPEAK OUT!"

The Board of Directors of Octopus Digital have adopted several policies related to ethics and responsible behavior which define the high standard of governance and business conduct to which we pledge ourselves as an organization. This

has always been our core strength and is reinforced through voluntary reporting of irregularities and periodic reviews of business practices.

As an additional measure, a Whistleblower system has also been established. The Company expects employees, suppliers, and contractors at all affiliated companies to not only abide by our standards of business conduct but also to speak out about any concerns they have regarding business ethics, safety, environmental performance, harassment and other employment related matters or other possible breaches of compliance.

They can use the independent "Speak Out" hotline 0092-42- 37515129 or email to speakout@octopusdtl.com to raise their concerns.

They can also write to Speak Out (PO Box 4012, Lahore - Pakistan.)

Every effort is made to maintain the confidentiality of complainants and to protect them from any form of retaliation or victimization for genuinely held concerns raised in good faith.

Speak-outs are encouraged to report serious concerns that could have a significant impact on the organization. Actions that:

- are unlawful or may damage the reputation of Octopus Digital or an affiliate
- are fraudulent and lead to a loss of assets
- may be intended to result in incorrect financial reporting
- are in violation of various corporate policies governing business conduct
- are in violation of Safety Health & Environmental standards applicable to the business
- give rise to harassment, discrimination, or other unfair employment practices

HUMAN RESOURCE MANAGEMENT POLICIES INCLUDING PREPARATION OF SUCCESSION PLAN

Human Resource Management

Human Resource Management at Octopus Digital is covered across several policies, which serve as a comprehensive framework to managing people, workplace, and culture. Hiring and confirmation provisions ensure that Octopus Digital reserves the right to assess prior work experience and skill levels, and to confirm applicants where applicable when considering full-time or part-time employment.

Compensation encompasses 10 policies, the purpose of which is to ensure employee's wellbeing and growth. These include Vehicle Benefit, Education Allowance, Employee Professional Accreditations, Performance Bonus, Sales Incentive, Technical Services Employee Incentive, Variable Pay Plan for managers and support staff, Umrah as well as Employee Stock Option Plan amongst others. Human Resources management that encompasses Salaries, Attendance, Asset Utilization, Rewards, health, and other guidelines such as Mobile Usage are covered across 11 policies.

The Human Resource department introduced four new policies in 2021 which include Performance Bonus Policy, Incentive Distribution Methodology, VPP for Non-Sales Managers and Support Staff and Employee Stock Purchase Plan.

MEDICAL AND INSURANCE POLICY

One of the most important tasks in creating a high-performance culture is taking care of your employees. When employees' needs are met, they feel aligned with the mission, vision, and values of the organization. This results in high levels of engagement and commitment. They come to work with enthusiasm and are willing to go the extra mile to support the organization.

At Octopus Digital we ensure that the baseline rewards are fair and sufficient. These include some of the basic needs of an employee. One such need is medical and hospitalization cover. At Octopus Digital, we have hence, very carefully devised a medical policy to cover this criterion. With the best hospitals on our panel, we provide extensive hospitalization cover to the employee and his/her family, and unlimited OPD coverage as well. Life insurance is also available under which employees are covered for permanent partial disability, temporary total disability, accidental death, and extended death benefit.

COMPASSIONATE LEAVES

All permanent and contractual employees are entitled to compassionate or bereavement leaves which is in addition to casual/sick and annual leaves. Compassionate leaves can be taken when a member of an employee's immediate family* or household passes away or suffers a life-threatening illness or injury and requires extensive medical care.

**Immediate family of an employee includes spouse, child, parent, sibling, grandparent and grandchild.*

PAY CONTINUATION PLAN

The demise of an earner can have a debilitating effect on a household. To ensure that none of our employee's families must worry about their finances, life insurance policy has been revised to include the Pay Continuation Plan. In addition to employee benefits, in the event of an employee's demise, the grieved family will receive 50% of the employee's monthly gross salary for the period of ten years.

SUCCESSION PLANNING POLICIES

Succession Planning Policy for Octopus Digital encompasses the Company's best practice in terms of Human Resources Management. The purpose of the policy is to ensure replacement for key executive, management, and technical positions within the organization. This policy covers middle management positions and above in Octopus Digital Limited. The point is to identify high-potential employees, ensure systematic and long-term development and provide a continuous flow of talent. The business-critical engineering skill set is being

maintained through an engineering skill set matrix and managed for all engineering resources.

SOCIAL & ENVIRONMENTAL POLICY

This policy requires designation wise mandatory trainings for all employees. It has four stages, and each employee is required to achieve desired level of training. The HSE Team will maintain the attendance records of all employees and to achieve the next cadre, it will be mandatory to pass the next training level. These training levels have been carefully designed while keeping the job-related requirements of all associates in mind. The training will help to raise the associate's skill level in HSE while performing their daily tasks. Each training will have a post training test which will be conducted via Docebo and it will be mandatory to pass it.

POLICY AND PROCEDURE FOR STAKEHOLDER ENGAGEMENT

Stakeholder engagement policies and procedures map out all aspects of outreach with the broader audience interested in Octopus Digital. The Company involves committees at regular points throughout the year both for specific projects and general insights. The policies ensure that different parties are aware of the conduct and the function of the Company including Institutional Investors, Customers & Suppliers, Banks and other lenders, Media, regulators, and analysts. Business Conduct for Octopus Digital addresses Stakeholder Engagement through five key commitments: Ethics, Ownership, Customer Delight, Continuous Improvement and Community Care, which need to be translated across all its communications.

INVESTOR GRIEVANCE POLICY

Investor grievances are covered in the Securities & Exchange Commission of Pakistan rules as at May 11, 2001. These statutory rules have been published by the Government. The information pertaining to financial performance, shareholding pattern, compliance with Corporate Governance and announcements can be viewed or requested by the shareholders on www.octopusdtl.com. Apart from this, the website also contains comprehensive information about the Company, its products,

services, solutions, press releases and investor's information.

SAFETY OF RECORD

Safety of Record is ensured by the Information Security Governing Policy, which provides a framework for Information privacy, accessibility and integrity to the operation and management of Octopus Digital, which are of great importance. Failure in any of these areas can result in disruption to the services, can hurt company business and can shake the confidence of existing and potential clients. Information and asset security therefore play a critical role in the successful operation of the company. The purpose of the Information Security Policy is to guarantee business continuity and curtail business damage by minimizing information security incidents to an acceptable level. Superior information security provision for our customers and employees is Octopus Digital's commitment to protect from internal or external information security threats, whether deliberate or accidental. Adherence to this policy is crucial to safeguarding these interests.

EMPLOYEE DEVELOPMENT AND TRAINING

Octopus Digital plans to launch a set of policies geared towards developing resources through qualifications and OEM certifications in 2022. Training and Development will have a Strategic Role in the future for Octopus Digital. The Employee Development and Training policies will have the following objectives,

- Attracting and retaining talents
- Developing our personnel's capabilities
- Creating a value-based culture
- Improving Octopus Digital's Reputation as an Employer
- Motivating Employees to Engage

By providing Octopus Digital's employees with opportunities to learn and develop new competencies within their career path, they are encouraged to engage with Octopus Digital as they are more satisfied and challenged at work. These set of policies will apply to all employees of Octopus Digital Limited.

Director's Report

The directors of Octopus Digital Limited "The Company" take pleasure in presenting their report together with the Company's audited annual financial statements for the year ended December 31, 2021. All financial statements and notes to the accounts have been prepared by the management of the company as under:

1. They presented fairly its state of affairs, the result of its operations, cash flows and all changes in equity,
2. Proper books of account of the company have been maintained,
3. Appropriate accounting policies have been adopted and consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments,
4. The financial statements have been prepared in conformity with the Companies Act 2017 and International Financial Reporting Standards as applicable in Pakistan, and any departure there from has been adequately disclosed.
5. The system of internal control is sound in design and has been effectively implemented and monitored
6. There are no significant doubts upon the company's ability to continue as a going concern
7. Where any statutory payment on account of taxes, duties, levies, and changes is outstanding, the amount together with a brief description and reasons for the same has been disclosed

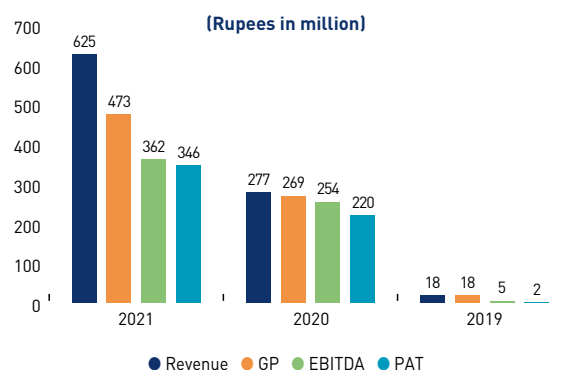
The Directors' Report, prepared under relevant sections of the prevailing Companies Act, in Pakistan, will be put forward to the members at the 5th Annual General Meeting of the Company to be held Thursday, 28 April 2022 at 03:30 PM via Zoom video link from Regional Operations Center, 19-KM, Main Multan Road, Lahore, Pakistan.

THE COMPANY:

The principal line of business of the company is to carry on the business of Information Technology (IT) enabled services which include but not limited to like online data / information storage, online review and monitoring of employees' efficiency, online monitoring of cost and production efficiency, online monitoring and maintenance of plant and machinery, sale and trade of related software's equipment etc.

THE REPORT:

The performance of the Company remained on the upswing in terms of order generation, revenues, profit before and after tax, control over fixed costs as per the projected five years business plan, excellent management of liquidity, timely repayments of all financial commitments.

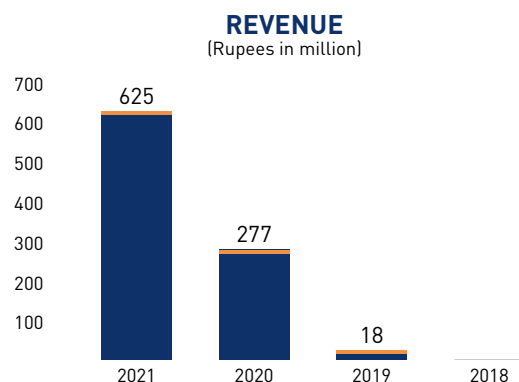


OPERATING RESULTS (STANDALONE)

| (Rupees in '000) | 2021 | 2020 | Variation | % Variation |
|-------------------|---------|---------|-----------|-------------|
| Revenue | 625,196 | 277,114 | 348,082 | 126% |
| Profit before tax | 360,455 | 253,760 | 106,694 | 42% |
| Profit after tax | 345,951 | 219,742 | 126,209 | 57% |



FINANCIAL PERFORMANCE

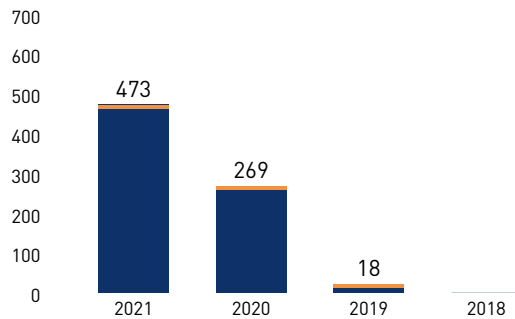


Revenue

The Company revenue of Rs. 625 million has 126% increased as compared to last financial year, we observed excellent and expected growth of revenues over the financial years 2019 & 2020.

GROSS PROFIT

(Rupees in million)

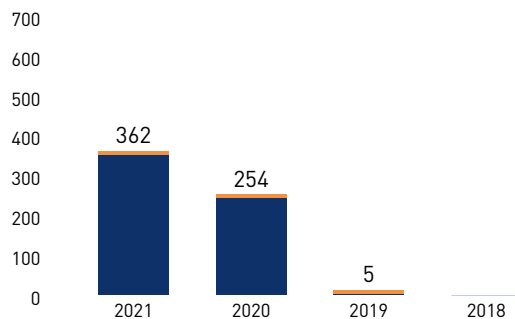


Gross Profit

The Company gross profit of Rs. 473 million has 76% increased as compared to last financial year. The company successfully maintained its gross profits over the financial years 2019 & 2020.

EBITDA

(Rupees in million)

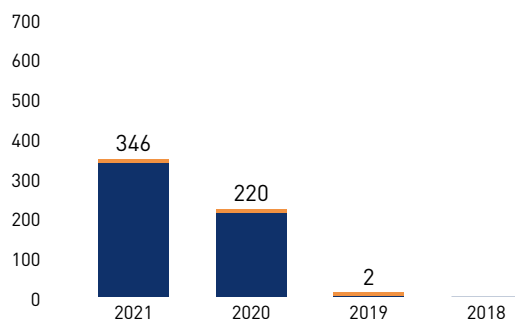


EBITDA

(Earning before Interest, Tax, Depreciation & Amortization)

PROFIT AFTER TAX

(Rupees in million)



Profit after Taxation

There is Rs. 346 million 57% increase in net profit after taxation is very encouraging. The management is confident to maintain the positive trend and growth in gross and net profit margins in upcoming FY 2022 and 2023 due to a strong pipeline. The management is also very much confident to achieve the targeted revenues in FY 2022 as per the approved corporate plan.

Earnings Per Share

The basic earnings per share after tax is Rs. 2.53 whereas the EPS in FY 2020 was 2.01.

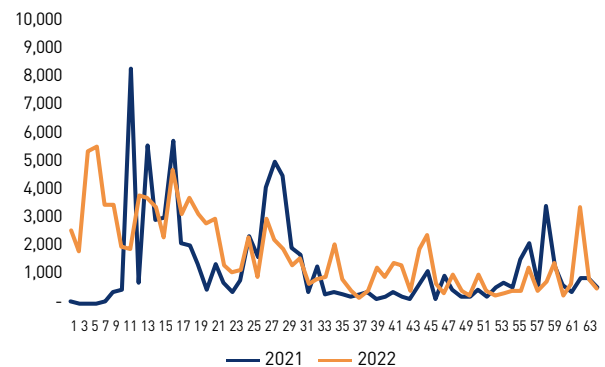
The diluted earnings per share after tax is Rs. 2.53 whereas the EPS in FY 2020 was 2.01.

Reason for not Declaration of Dividend

The Company has sufficient cash balances available at FY 2021 end mainly generated through issuance of shares which company plans to spend on development of Intellectual Property, Marketing and Direct Costs of HR.

Business generated from above mentioned activities shall contribute to earnings of the company which is expected to favorably impact the prospect of dividend payment in future.

STOCK LIQUIDITY



PATTERN OF SHAREHOLDING

Pattern of shareholding can be found at page No.62.



Director's Report

SHARES TRADED BY EXECUTIVES

During the year, the below mentioned executives have traded the stock of Avanceon and informed to Stock Exchange:

| Name of Company | Employee Name | Designation | Transaction Type | No. of shares | Price | Transaction Type | Date of Transaction | Date of Submission |
|-------------------------|-----------------|-------------|------------------|---------------|-------|------------------|---------------------|--------------------|
| Octopus Digital Limited | Tanveer Karamat | Director | Buy | 5,000 | 72.50 | CDC | 20/10/2021 | 21/10/2021 |
| Octopus Digital Limited | Tanveer Karamat | Director | Buy | 1,500 | 73.86 | CDC | 20/10/2021 | 21/10/2021 |
| Octopus Digital Limited | Tanveer Karamat | Director | Buy | 8,500 | 74.00 | CDC | 20/10/2021 | 21/10/2021 |
| Octopus Digital Limited | Tanveer Karamat | Director | Buy | 5,000 | 68.63 | CDC | 21/10/2021 | 25/10/2021 |
| Octopus Digital Limited | Tanveer Karamat | Director | Buy | 5,000 | 68.81 | CDC | 21/10/2021 | 25/10/2021 |
| Octopus Digital Limited | Tanveer Karamat | Director | Buy | 1,000 | 67.82 | CDC | 25/11/2021 | 21/12/2021 |
| Octopus Digital Limited | Tanveer Karamat | Director | Buy | 2,000 | 67.83 | CDC | 25/11/2021 | 21/12/2021 |
| Octopus Digital Limited | Tanveer Karamat | Director | Buy | 2,000 | 67.90 | CDC | 25/11/2021 | 21/12/2021 |

COMPOSITION OF BOARD AUDIT COMMITTEE

During the year, the below mentioned executives have traded the stock of Avanceon and informed to Stock Exchange:

The board audit committee consists of four members listed below;

| Sr. No. | Name of Members | Designation | Status / Directorship |
|---------|------------------------|--------------|---|
| 1 | Mohammad Shahid Mir | Chairman BAC | Independent Director / Non-Executive Director |
| 2 | Bakhtiar Hameed Wain | Member | Non-Executive Director |
| 3 | Tanveer Karamat | Member | Non-Executive Director |
| 4 | Junaid Mushtaq Paracha | Member | Non-Executive Director |

COMPOSITION OF HUMAN RESOURCE AND HR COMMITTEE

The board of human resource and HR committee consists of five members listed below;

| Sr. No. | Name of Members | Designation | Status / Directorship |
|---------|------------------------|---------------------------|---|
| 1 | Saleha Asif | Chairman Hr & R Committee | Independent Director / Non-Executive Director |
| 2 | Mohammad Shahid Mir | Member | Independent Director / Non-Executive Director |
| 3 | Bakhtiar Hameed Wain | Member | Non-Executive Director |
| 4 | Tanveer Karamat | Member | Non-Executive Director |
| 5 | Junaid Mushtaq Paracha | Member | Non-Executive Director |

COMPOSITION OF BOARD OF DIRECTORS

The board consist of seven directors listed below;

| Sr. No. | Name of Directors | Designation |
|---------|------------------------|---|
| 1 | Bakhtiar Hameed Wain | Chairman/Non-Executive Director |
| 2 | Asmar Ahmed Atif | Chief Executive Officer / Executive Director |
| 3 | Tanveer Karamat | Non-Executive Director |
| 4 | Mohammad Shahid Mir | Independent Director / Non-Executive Director |
| 5 | Junaid Mushtaq Paracha | Non-Executive Director |
| 6 | Adeel Khalid | Executive Director |
| 7 | Saleha Asif | Independent Director / Non-Executive Director |

The total number of directors are seven as per the following, -

- a. Male: Six
- b. Female: One

BOARD OF DIRECTOR'S MEETINGS

During the year, the Board of Directors has conducted one board meeting, the following honorable members participating:

| Sr. No. | Name of Director | Present | Leave Granted |
|---------|----------------------------|---------|---------------|
| 1. | Mr. Bakhtiar H. Wain | 1 | 0 |
| 2. | Mr. Tanveer Karamat | 1 | 0 |
| 3. | Mr. Asmar Ahmad Atif | 1 | 0 |
| 4. | Mr. Mohammad Shahid Mir | 1 | 0 |
| 5. | Mr. Junaid Mushtaq Paracha | 1 | 0 |
| 6. | Adeel Khalid | 1 | 0 |
| 7. | Saleha Asif | 0 | 0 |

CAPITAL STRUCTURE

The Company is not a geared business entity and maintains a balance capital structure which is evidence of its financial strength and excellent liquidity management.

LIQUIDITY STRATEGY

The Company has drafted and approved a liquidity plan in FY 2021 which includes repatriation of receivables from related party balances in order to achieve growing business financial needs and to achieve the corporate dividend policy outflows. The management is confident to achieve the targets as defined in liquidity strategy policy in FY 2022.

FUTURE PROSPECTS

A vision of the future is an important ingredient in the formation of our board and management strategy and plans.

As per the approved corporate plan, the Company successfully offered 27 million ordinary shares to the General Public in 4th quarter of FY 2021. The company IPO made

a historical ever highest over subscription record of 27 times at PSX as compared to previous record of the other company at PSX i.e. 13 times, which shows the remarkable trust and confidence of high end and individual investors in Octopus Digital business plan. The board of directors are very thankful to PSX, SECP and Investors for confidence and trust on Avanceon Group of Companies. The IPO generated funds shall be helpful to achieve the corporate plan and geographical expansion of the company specifically in the UAE, KSA, Qatar, Oman, Egypt, Nigeria and USA.

SERVICE TO SOCIETY

We are committed to being active and responsible corporate citizens. We believe in "giving something back" by helping address key issues such as education, healthcare, public safety and environmental health. This comes from our belief that individual entities when they work together can create powerful synergies and help to improve the conditions of the society in which they operate.

HEALTH, SAFETY AND ENVIRONMENT

At Octopus Digital Limited we take maintenance of health and safety standards at our working sites and offices seriously. We are committed to actively managing health and safety risks associated with our business and are actively working towards improving our procedures to reduce, remove or control the risk of fire, accidents or injuries to employees and visitors.

We also ensure that our products are shipped in a safe manner complying with safety standards and legal requirements.

Director's Report

ISSUES RAISED IN THE LAST AGM

During the Annual General Meeting FY 2021, No major issues were raised.

Agenda # 1:

To confirm the minutes of 3rd Annual General Meeting.

Agenda # 2:

Consider the Audited Accounts for the year ended 31 December 2020.

Agenda # 3:

To elect 07 directors of the Company for the term of three years commencing from 08 June 2021.

Agenda # 4:

The re-appointment of present auditor EY Ford Rhodes, Chartered Accountant for FY 2021.

All above agenda items have been discussed, approved, and adopted. A question-and-answer session was conducted.

The director (Mr. Tanveer Karamat) and CFO (Mr. Saeed Ullah Khan Niazi) answered all queries explaining the industrial automation business of the company. The future outlook was discussed as to be prosperous and dependent on the growth of Pakistan Economy in line with the setting up of new industrial plants.

BOARD OF DIRECTORS' REMUNERATION

The board of directors of the Company is comprised of five Non-Executive Directors and two executive directors. The executive directors are paid fixed salary and benefits as per Company's HR policies and salary levels. Performance of executive directors is evaluated against approved criteria by the Human Resource and Remuneration Committee and recommended to the Board for approval. No other directors are being paid for attending board meetings except one independent director.

TRANSACTIONS WITH RELATED PARTIES

The transactions with related parties were carried out at arm's length prices and purely on commercial terms determined in accordance with the comparable uncontrolled prices method.

CORPORATE GOVERNANCE PRACTICES

The Board of Directors of Octopus Digital Limited is committed to the company principles and complies with requirements of Code of Corporate Governance included in the regulations of the Companies Act 2017.

ACKNOWLEDGEMENT

The Board is pleased with the continued dedication and efforts of the employees of the company.

For and on Behalf of the Board of Directors



Mr. Asmar Ahmad Atif
Chief Executive Officer



Mr. Tanveer Karamat
Director

Lahore:
March 28, 2022





Four Years at a Glance

RATIOS FOR 4 YEARS

| Years | 2021 | 2020 | 2019 | 2018 |
|--|------|-------|--------|-----------|
| PROFITABILITY RATIOS | | | | |
| Gross Profit ratio | 76% | 97% | 100% | N/A |
| Operating Result Ratio | 58% | 92% | 25% | N/A |
| Profit Before Tax | 58% | 92% | 25% | N/A |
| Profit After Tax | 55% | 79% | 13% | N/A |
| Return On Capital Employed | 22% | 110% | 39% | 100% |
| EBITDA (Rs. In million) | 362 | 254 | 5 | (0) |
| EBITDA Margin | 58% | 92% | 27% | N/A |
| GROWTH RATIOS | | | | |
| Net Sales | 126% | 1401% | N/A | N/A |
| Operating Results | 42% | 5342% | -1016% | N/A |
| EBITDA | 42% | 4969% | -1132% | N/A |
| Profit After Tax | 57% | 8874% | -581% | N/A |
| COST RATIOS | | | | |
| Cost of Sales (% of Sales) | 24% | 3% | 0% | N/A |
| Administrative & selling Cost (% of Sales) | 20% | 6% | 74% | N/A |
| RETURN TO SHAREHOLDERS | | | | |
| Return on Equity-Before Tax | 22% | 110% | 39% | 100% |
| Return on Equity-After Tax | 21% | 95% | 21% | 100% |
| Earning per Share (Basic) (Rs.) | 2.53 | 2.01 | 2.45 | (254,463) |
| Earning per Share (Diluted) (Rs.) | 2.53 | 2.01 | 2.45 | (254,463) |
| Break Up value per share (Rs.) | 0.12 | 0.02 | 0.12 | (2,545) |

| Years | | 2021 | 2020 | 2019 | 2018 |
|---------------------------------------|---------------|--------|-------|--------|--------|
| EQUITY RATIOS | | | | | |
| Price Earning Ratio | | 30.74 | - | - | - |
| Dividend Per Share | | 0% | 0% | 0% | 0% |
| Dividend Payout Ratio | | 0% | 0% | 0% | 0% |
| Market Value at the end of The Year | | 77.76 | 0.00 | 0.00 | 0.00 |
| Market Value at the start of the Year | | 43.64 | 0.00 | 0.00 | 0.00 |
| Highest Value During Year | | 80.86 | 0.00 | 0.00 | 0.00 |
| Lowest Value During Year | | 43.64 | 0.00 | 0.00 | 0.00 |
| Dividend Yield Ratio | | 0.00% | N/A | N/A | N/A |
| Dividend Cover Ratio | | N/A | N/A | N/A | N/A |
| ASSET UTILIZATION | | | | | |
| Total Asset turnover | (Times) | 0.36 | 0.87 | 0.86 | - |
| Fixed Asset Turnover | (Times) | 156.30 | 92.37 | 197.71 | - |
| Trade Debts Turnover | (Times) | 0.85 | 0.94 | 18.56 | N/A |
| Trade Creditors Turnover | (Times) | 3.36 | 0.16 | - | - |
| Capital Employed Turnover | (Times) | 0.38 | 1.20 | 1.55 | - |
| OPERATING CYCLE | | | | | |
| Trade Debt collection period | (No. of days) | 427 | 389 | 20 | N/A |
| Trade Creditors payment period | (No. of days) | 109 | 2,223 | N/A | N/A |
| LIQUIDITY/LEVERAGE | | | | | |
| Current ratio | (Times) | 20.65 | 3.39 | 2.26 | 0.05 |
| Quick ratio | (Times) | 20.65 | 3.39 | 2.26 | 0.05 |
| Cash to current liabilities | (Times) | 11.17 | 0.00 | 0.39 | 0.01 |
| Total liabilities to equity | (Times) | 0.05 | 0.38 | 0.79 | (1.22) |

Analysis of Financial Statements

BALANCE SHEET

(Rupees in million)

| Particulars | 2021 | 2020 | 2019 | 2018 |
|---|--------------|------------|-----------|------------|
| ASSETS | | | | |
| Non-Current Assets | | | | |
| Property and Equipment | 4 | 3 | 0 | 0 |
| Intangible assets | 52 | 20 | - | - |
| Long term loans and deposits | 0 | - | - | - |
| Deferred tax asset | 3 | - | - | - |
| Total Non-Current Assets | 59 | 23 | 0 | 0 |
| Current Assets | | | | |
| Trade debts | 665 | 281 | 1 | - |
| Contract assets | 67 | 14 | - | - |
| Advances, deposits, prepayments and other receivables | 31 | 0 | 17 | 0 |
| Short term investments | 300 | - | - | - |
| Cash and bank balances | 599 | 0 | 4 | 0 |
| Total Current Assets | 1,662 | 296 | 21 | 0 |
| Total Assets | 1,721 | 319 | 21 | 0 |
| EQUITY AND LIABILITIES | | | | |
| Share Capital and reserves | | | | |
| Issued, subscribed and paid up capital | 1,368 | 1,094 | 10 | 0 |
| Capital Reserve | (295) | (1,084) | - | - |
| Un-appropriated profit | 568 | 222 | 2 | (1) |
| | 1,640 | 232 | 12 | (1) |
| Current Liabilities | | | | |
| Finances under mark up arrangements and other credit facilities - secured | - | - | - | 1 |
| Creditors, accrued and other liabilities | 45 | 47 | 7 | 0 |
| Provision for taxation | 17 | 36 | 2 | - |
| Contract liabilities | 18 | 4 | - | - |
| Total Current Liabilities | 80 | 87 | 9 | 1 |
| Total Equity and Liabilities | 1,721 | 319 | 21 | 0 |

PROFIT AND LOSS ACCOUNT

| Particulars | (Rupees in million) | | | |
|---|---------------------|------|------|-----------|
| | 2021 | 2020 | 2019 | 2018 |
| Revenue from contracts with customers | 625 | 277 | 18 | - |
| Cost of revenue | (152) | (8) | - | - |
| Gross Profit | 473 | 269 | 18 | - |
| Administrative and selling expenses | (124) | (15) | (14) | (1) |
| Other charges | - | (0) | (0) | - |
| Other operating income | 11 | - | - | 0 |
| | (113) | (16) | (14) | (1) |
| Profit/(loss) from operations | 360 | 254 | 5 | (1) |
| Finance cost | - | - | - | - |
| Profit/(loss) before tax | 360 | 254 | 5 | (1) |
| Taxation | (15) | (34) | (2) | - |
| Profit/(loss) after Tax | 346 | 220 | 2 | (1) |
| Combined earnings/(loss) per Share | | | | |
| Basic in Rs. | 2.53 | 2.01 | 2.45 | (254,463) |
| Diluted in Rs. | 2.53 | 2.01 | 2.45 | (254,463) |

CASH FLOW STATEMENT

| Particulars | 2021 | 2020 | 2019 | 2018 |
|---|-------|------|------|------|
| Cash flow from operating activities | (131) | 20 | (6) | (0) |
| Cash flow from investing activities | (333) | (24) | (1) | (0) |
| Cash flow from financing activities | 1,063 | - | 10 | 1 |
| Increase/(decrease) in cash & cash equivalent | 598 | (3) | 3 | 0 |

Analysis of Financial Statements

CASH FLOW STATEMENT

(Rupees in million)

| Particulars | 2021 | 2020 | 2019 | 2018 |
|---|--------------|-------------|------------|------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash generated from operations | (81) | 20 | (6) | 0 |
| Profit received on term deposit certificate | 2 | - | - | - |
| Additions in long-term advances and deposits | 0 | - | - | - |
| Taxes paid | (52) | (0) | - | - |
| Net cash (used in) / generated from operating activities | (131) | 20 | (6) | 0 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchase of property and equipment | (1) | (4) | (0) | (0) |
| Addition in capital work in progress | (32) | (20) | - | - |
| Addition in short term investments | (300) | - | - | - |
| Net cash (used in) / generated from investing activities | (333) | (24) | (0) | (0) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Issuance of ordinary shares | 274 | - | 10 | 0 |
| Increase in share premium due to issuance of shares | 789 | - | - | - |
| Short term loan | - | - | - | 1 |
| Net cash (used in) / generated from financing activities | 1,063 | - | 10 | 1 |
| Net (decrease) / increase in cash and cash equivalents | 599 | (3) | 4 | 0 |
| Cash and cash equivalents at the beginning of the year | 0 | 4 | 0 | - |
| Cash and cash equivalents at the end of the year | 599 | 0 | 4 | 0 |

CASH FLOW STATEMENT - INDIRECT METHOD

| Particulars | (Rupees in million) | | | |
|---|---------------------|-------------|------------|------------|
| | 2021 | 2020 | 2019 | 2018 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash flows from Customers | (491) | (284) | (18) | - |
| Cash flows from Creditors | 10 | 51 | 3 | (0) |
| Cash flows from Stocks | - | - | - | - |
| Other cash flows from operations | 399 | 254 | 8 | 0 |
| Cash (used in) / generated from continuing operations | (81) | 20 | (6) | 0 |
| Profit received on term deposit certificate | 2 | - | - | - |
| Additions in long-term advances and deposits | 0 | - | - | - |
| Taxes paid | (52) | (0) | - | - |
| Net cash (used in) / generated from operating activities | (131) | 20 | (6) | 0 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchase of property and equipment | (1) | (4) | (0) | (0) |
| Addition in capital work in progress | (32) | (20) | - | - |
| Addition in short term investments | (300) | - | - | - |
| Net cash (used in) / generated from investing activities | (333) | (24) | (0) | (0) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Issuance of ordinary shares | 274 | - | 10 | 0 |
| Share premium | 789 | - | - | - |
| Short term loan | - | - | - | 1 |
| Net cash (used in) / generated from financing activities | 1,063 | - | 10 | 1 |
| Net (decrease) / increase in cash and cash equivalents | 599 | (3) | 4 | 0 |
| Cash and cash equivalents at the beginning of the year | 1 | 4 | 0 | - |
| Cash and cash equivalents at the end of the year | 600 | 1 | 4 | 0 |

4 Years

Vertical and Horizontal Analysis

BALANCE SHEET

| Particulars | VERTICAL ANALYSIS | | | | HORIZONTAL ANALYSIS | | | |
|---|-------------------|-------------|-------------|-------------|---------------------|---------------|---------------|------------|
| | (in %age) | | | | (in %age) | | | |
| | 2021 | 2020 | 2019 | 2018 | 2021 | 2020 | 2019 | 2018 |
| ASSETS | | | | | | | | |
| Non-Current Assets | | | | | | | | |
| Property and Equipment | 0% | 1% | 0% | 74% | 133% | 3214% | 115% | N/A |
| Intangible assets | 3% | 6% | 0% | 0% | 260% | N/A | N/A | N/A |
| Long term loans and deposits | 0% | 0% | 0% | 0% | N/A | N/A | N/A | N/A |
| Deferred tax asset | 0% | 0% | 0% | 0% | N/A | N/A | N/A | N/A |
| Total Non-Current Assets | 3% | 7% | 0% | 74% | 257% | 24639% | 115% | N/A |
| Current Assets | | | | | | | | |
| Trade debts | 39% | 88% | 5% | 0% | 237% | 28256% | N/A | N/A |
| Contract assets | 4% | 4% | 0% | 0% | 477% | N/A | N/A | N/A |
| Advances, deposits, prepayments and other receivables | 2% | 0% | 78% | 22% | 6513% | 3% | 69029% | N/A |
| Short term investments | 17% | 0% | 0% | 0% | N/A | N/A | N/A | N/A |
| Cash and bank balances | 35% | 0% | 17% | 5% | 139277% | 12% | 73923% | N/A |
| Total Current Assets | 97% | 93% | 100% | 26% | 562% | 1391% | 73302% | N/A |
| Total Assets | 100% | 100% | 100% | 100% | 540% | 1493% | 19439% | N/A |
| EQUITY AND LIABILITIES | | | | | | | | |
| Share Capital and reserves | | | | | | | | |
| Issued, subscribed and paid up capital | 79% | 343% | 47% | 0% | 125% | 10940% | 50000100% | N/A |
| Capital Reserve | -17% | -340% | 0% | 0% | 27% | N/A | N/A | N/A |
| Un-appropriated profit | 33% | 70% | 9% | -463% | 256% | 11429% | -381% | N/A |
| | 95% | 73% | 56% | -463% | 708% | 1940% | -2346% | N/A |
| Current Liabilities | | | | | | | | |
| Finances under mark up arrangements and other credit facilities - secured | 0% | 0% | 0% | 495% | N/A | N/A | 0% | N/A |
| Creditors, accrued and other liabilities | 3% | 15% | 34% | 68% | 96% | 655% | 9615% | N/A |
| Provision for taxation | 1% | 11% | 10% | 0% | 47% | 1625% | N/A | N/A |
| Contract liabilities | 1% | 1% | 0% | 0% | 455% | N/A | N/A | N/A |
| Total Current Liabilities | 5% | 27% | 44% | 563% | 92% | 925% | 1523% | N/A |
| Total Equity and Liabilities | 100% | 100% | 100% | 100% | 540% | 1493% | 19439% | N/A |

PROFIT AND LOSS ACCOUNT

| Particulars | VERTICAL ANALYSIS | | | | HORIZONTAL ANALYSIS | | | |
|---|-------------------|-------|--------|------|---------------------|-------|-------|------|
| | (in %age) | | | | (in %age) | | | |
| | 2021 | 2020 | 2019 | 2018 | 2021 | 2020 | 2019 | 2018 |
| Revenue from contracts with customers | 100% | 100% | 100% | N/A | 226% | 1501% | N/A | N/A |
| Cost of revenue | -24% | -3% | 0% | N/A | 1960% | N/A | N/A | N/A |
| Gross Profit | 76% | 97% | 100% | N/A | 176% | 1459% | N/A | N/A |
| Administrative and selling expenses | -20% | -6% | -74% | N/A | 805% | 112% | 2691% | N/A |
| Other charges | 0% | 0% | -1% | N/A | 0% | 227% | N/A | N/A |
| Other operating income | 2% | 0% | 0% | N/A | N/A | N/A | 0% | N/A |
| | -18% | -6% | -75% | N/A | 723% | 113% | 2710% | N/A |
| Profit/(loss) from operations | 58% | 92% | 25% | N/A | 142% | 5442% | -916% | N/A |
| Finance cost | 0% | 0% | 0% | N/A | N/A | N/A | N/A | N/A |
| Profit/(loss) before tax | 58% | 92% | 25% | N/A | 142% | 5442% | -916% | N/A |
| Taxation | -2% | -12% | -12% | N/A | 43% | 1536% | N/A | N/A |
| Profit/(loss) after Tax | 55% | 79% | 13% | N/A | 157% | 8974% | -481% | N/A |
| Combined earnings/(loss) per Share | | | | | | | | |
| Basic | 0.40% | 0.72% | 13.27% | N/A | 126% | 82% | 0% | N/A |
| Diluted | 0.40% | 0.72% | 13.27% | N/A | 126% | 82% | 0% | N/A |

CASH FLOW STATEMENT

| Particulars | VERTICAL ANALYSIS | | | | HORIZONTAL ANALYSIS | | | |
|---|-------------------|-------|-------|--------|---------------------|-------|--------|------|
| | (in %age) | | | | (in %age) | | | |
| | 2021 | 2020 | 2019 | 2018 | 2021 | 2020 | 2019 | 2018 |
| Cash flow from operating activities | -22% | -623% | -194% | -8700% | -643% | -327% | 1434% | N/A |
| Cash flow from investing activities | -56% | 723% | -17% | -2080% | 1407% | 4271% | 533% | N/A |
| Cash flow from financing activities | 178% | 0% | 312% | 10880% | N/A | 0% | 1838% | N/A |
| Increase/(decrease) in cash and cash equivalent | 100% | 100% | 100% | 100% | -18262% | -102% | 64151% | N/A |

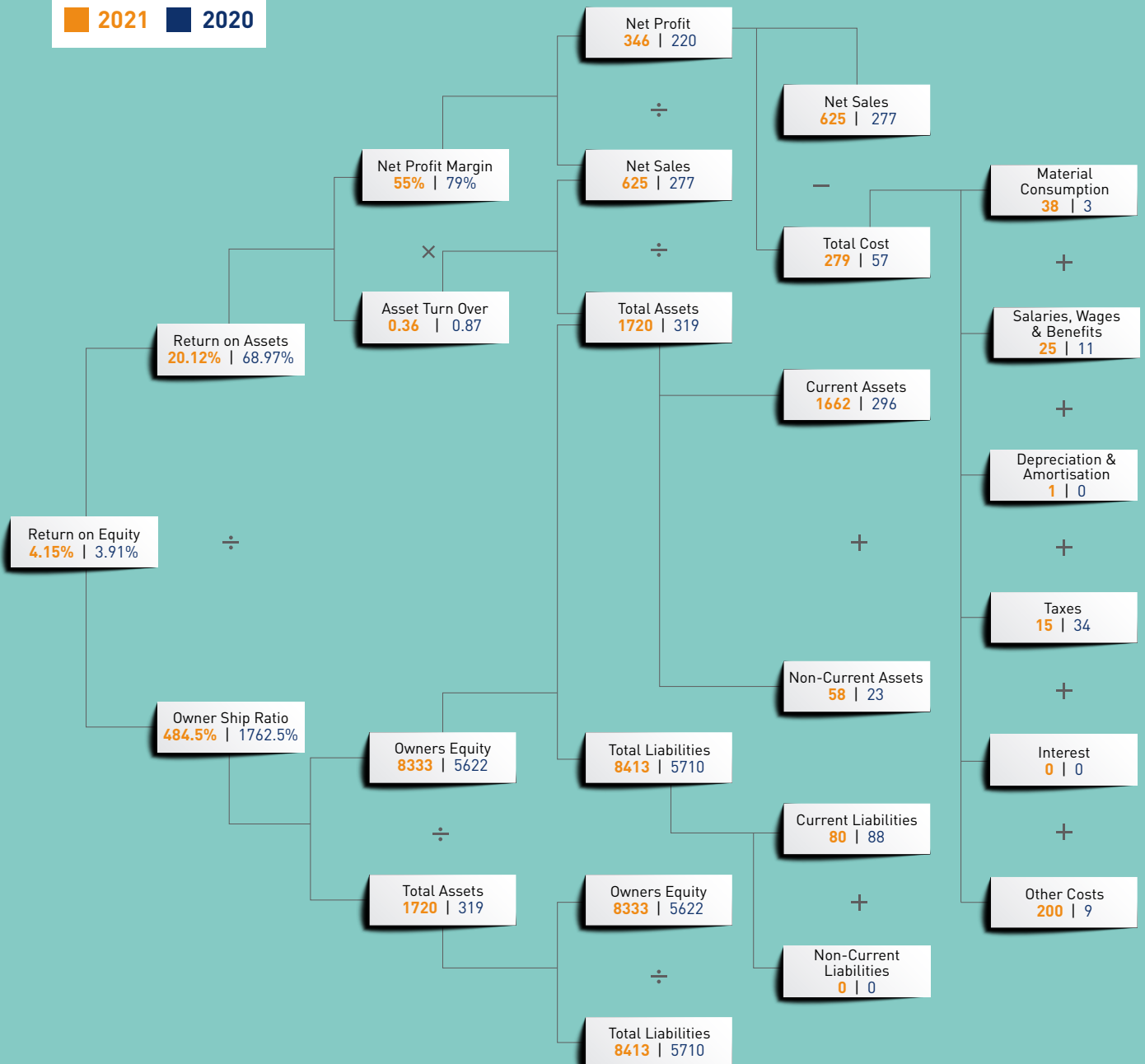
4 Years Vertical and Horizontal Analysis

CASH FLOW STATEMENT

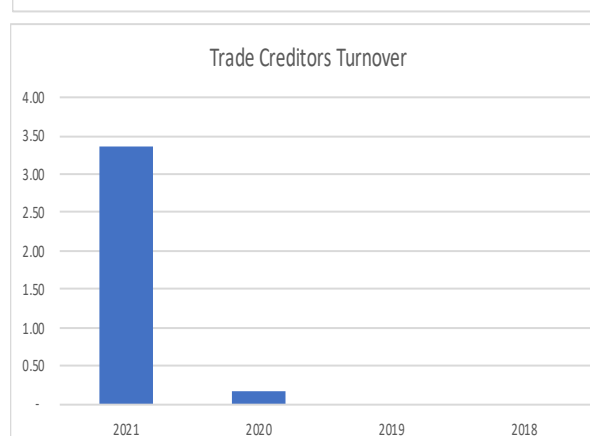
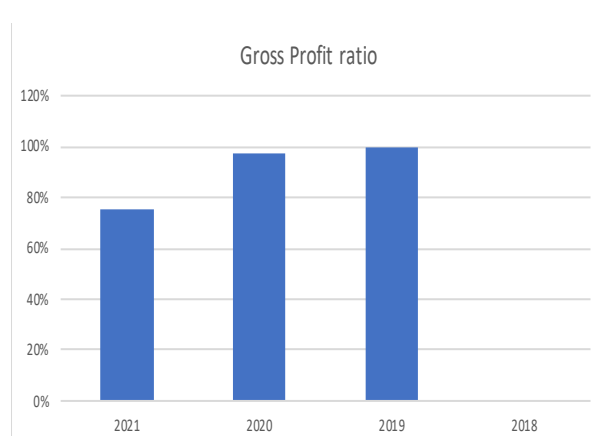
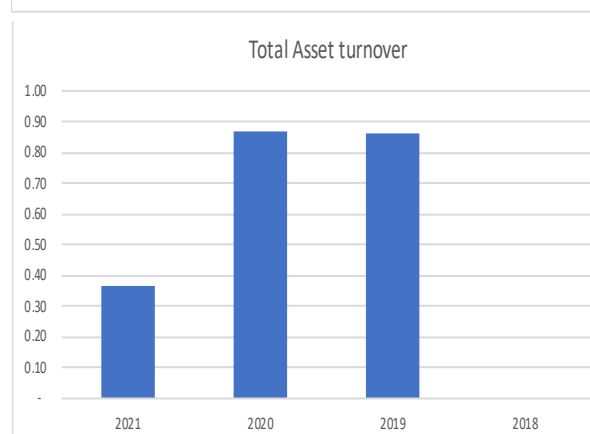
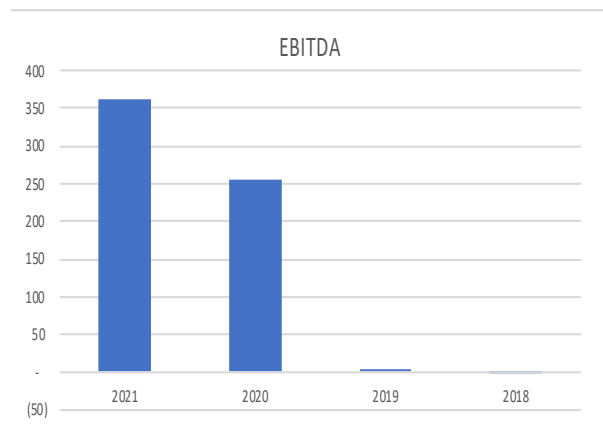
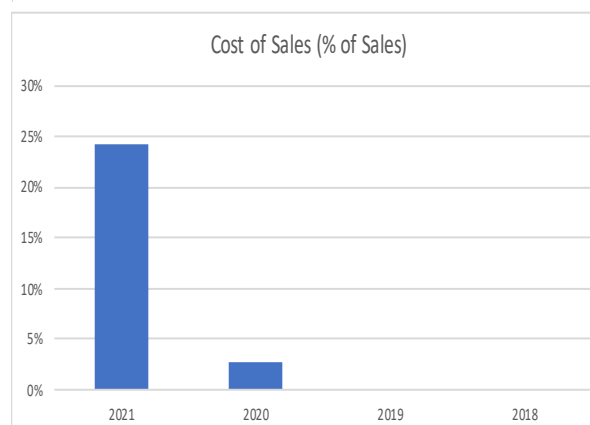
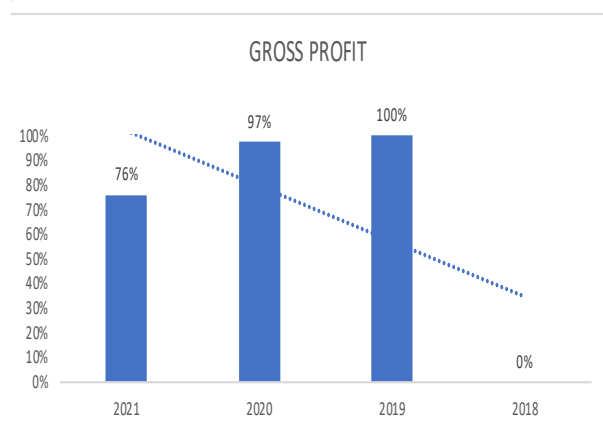
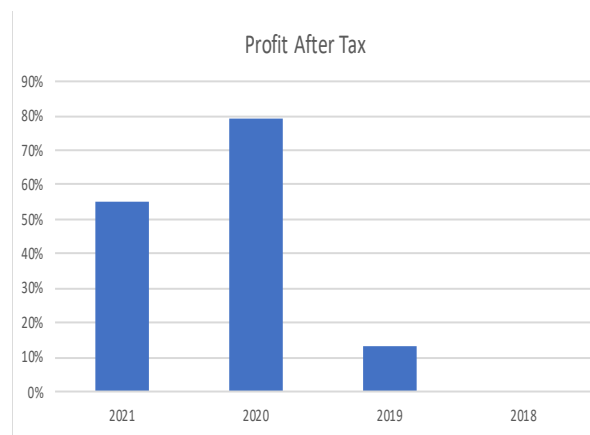
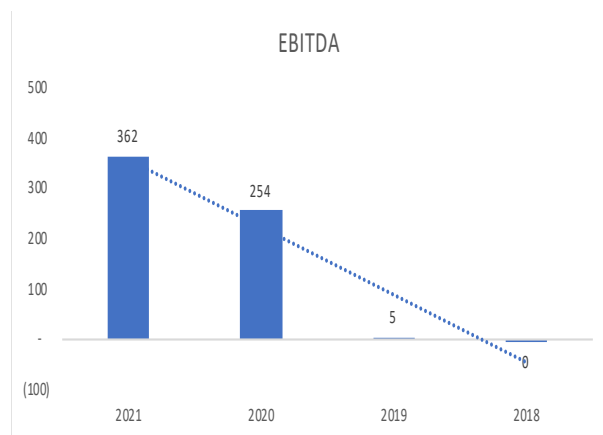
| Particulars | VERTICAL ANALYSIS | | | | HORIZONTAL ANALYSIS | | | |
|---|-------------------|--------------|--------------|-------------|---------------------|---------------|----------------|------------|
| | (in %age) | | | | (in %age) | | | |
| | 2021 | 2020 | 2019 | 2018 | 2021 | 2020 | 2019 | 2018 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | | | |
| Cash generated from operations | -14% | -624% | -168% | 10% | -396% | -327% | -12231% | N/A |
| Profit received on term deposit certificate | 0% | 0% | 0% | 0% | N/A | N/A | N/A | N/A |
| Additions in long-term advances and deposits | 0% | 0% | 0% | 0% | N/A | N/A | N/A | N/A |
| Taxes paid | -9% | 1% | 0% | 0% | 207656% | N/A | N/A | N/A |
| Net cash (used in) / generated from operating activities | -22% | -623% | -168% | 10% | -642% | -327% | -12231% | N/A |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | |
| Purchase of property and equipment | 0% | 111% | -1% | -21% | 40% | 6636% | 53% | N/A |
| Addition in capital work in progress | -5% | 611% | 0% | 0% | 158% | N/A | N/A | N/A |
| Addition in short term investments | -50% | 0% | 0% | 0% | N/A | N/A | N/A | N/A |
| Net cash (used in) / generated from investing activities | -56% | 723% | -1% | -21% | 1407% | 43053% | 53% | N/A |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | |
| Issuance of ordinary shares | 46% | 0% | 270% | 0% | N/A | 0% | 500000000% | N/A |
| Increase in share premium due to issuance of shares | 132% | 0% | 0% | 0% | N/A | N/A | N/A | N/A |
| Short term loan | 0% | 0% | 0% | 111% | N/A | N/A | 0% | N/A |
| Net cash (used in) / generated from financing activities | 178% | 0% | 270% | 111% | N/A | 0% | 1842% | N/A |
| Net (decrease) / increase in cash and cash equivalents | 100% | 100% | 100% | 100% | -18274% | -88% | 757% | N/A |

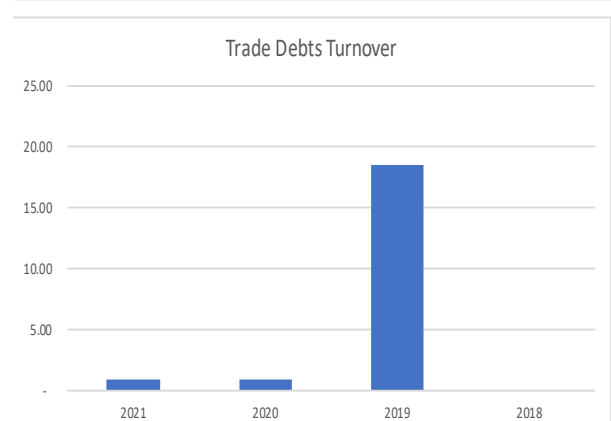
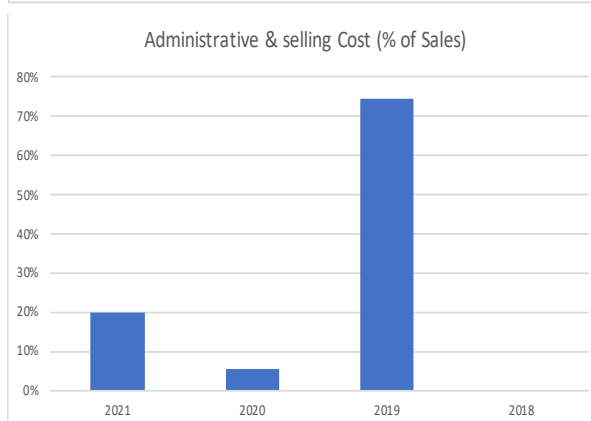
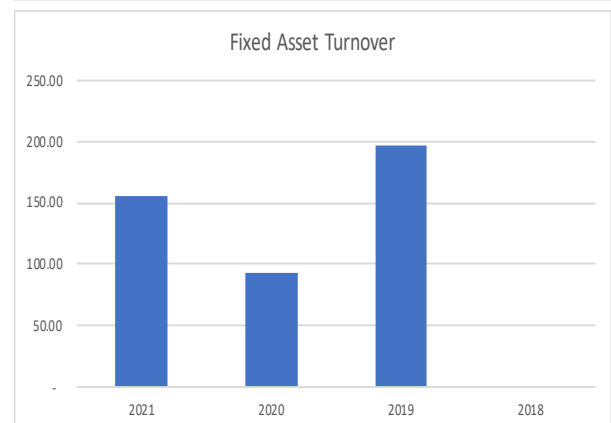
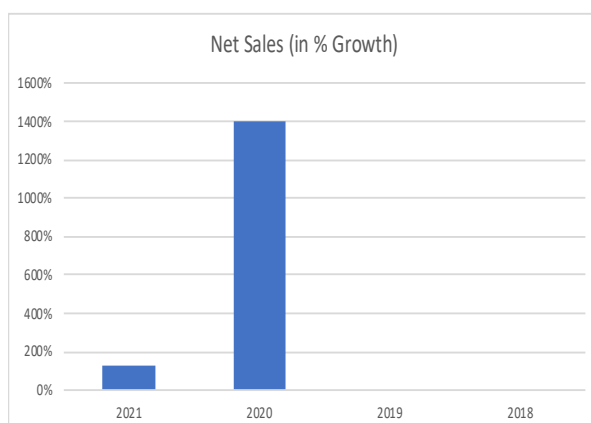
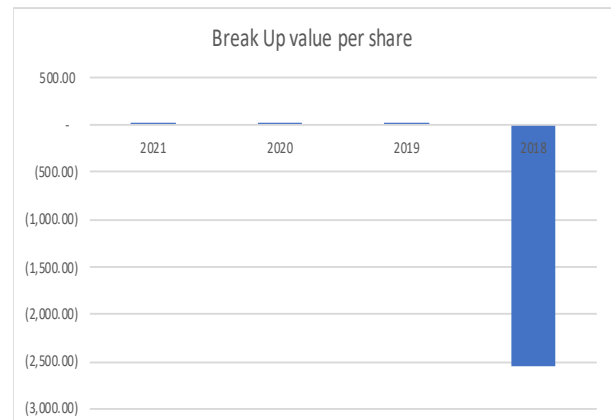
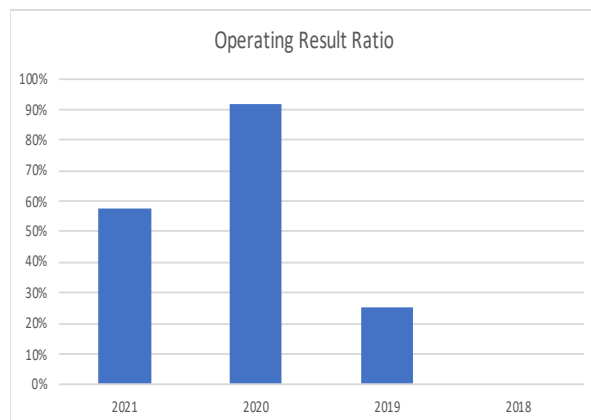
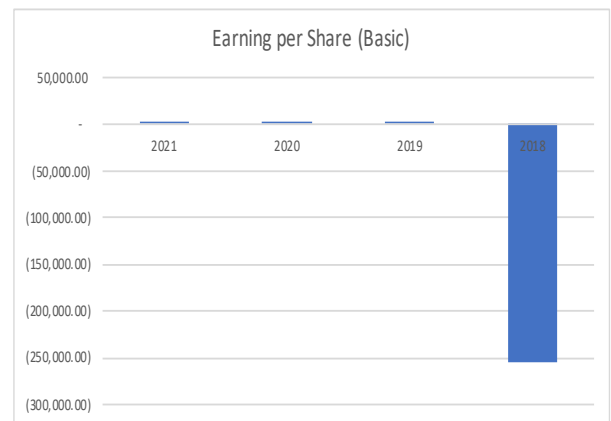
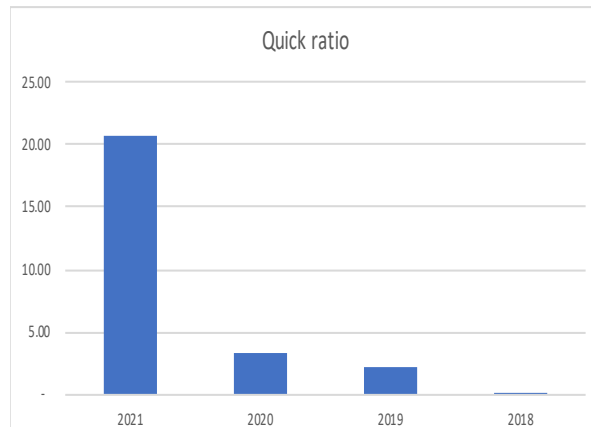
DuPont Analysis

2021 2020

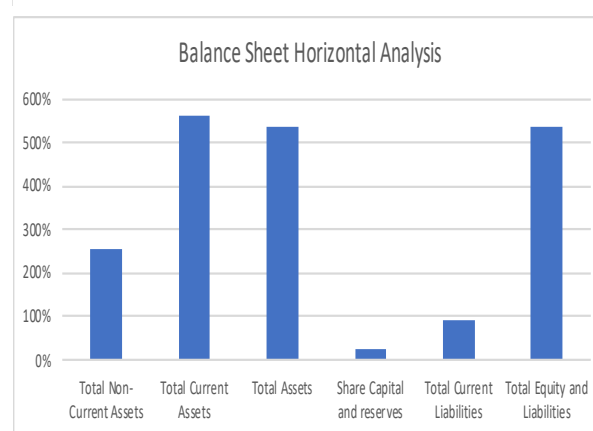
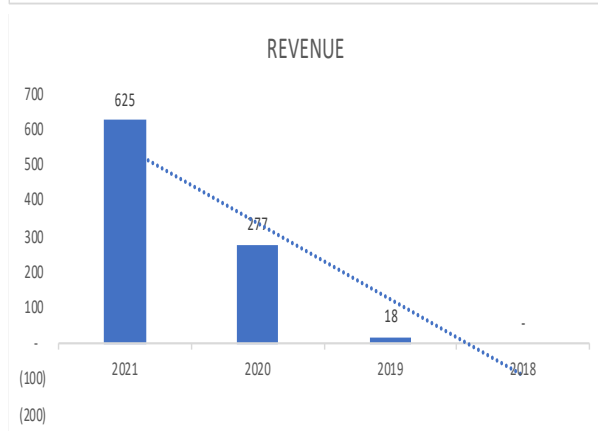
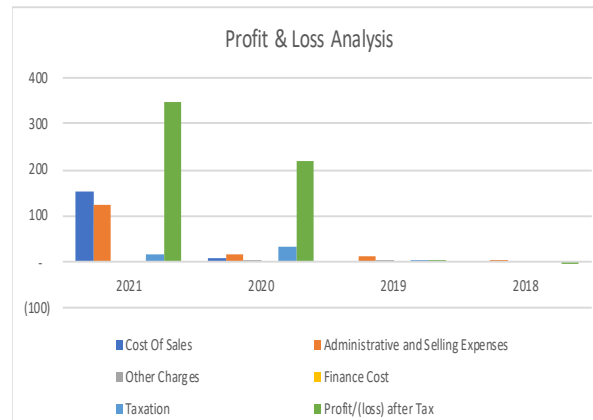
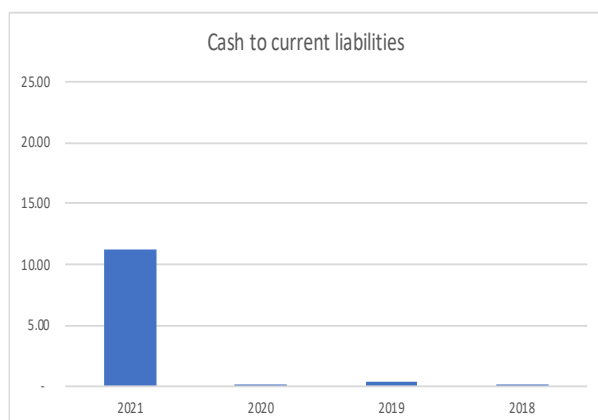
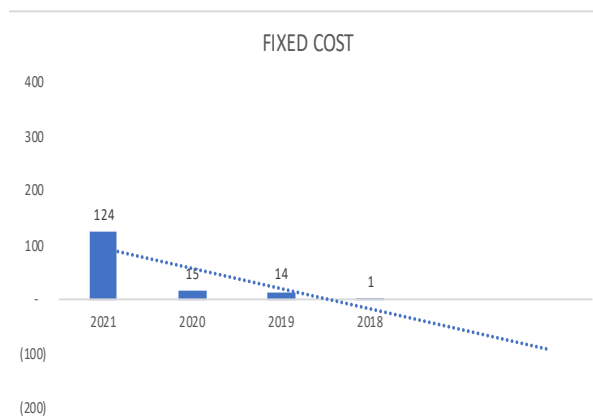
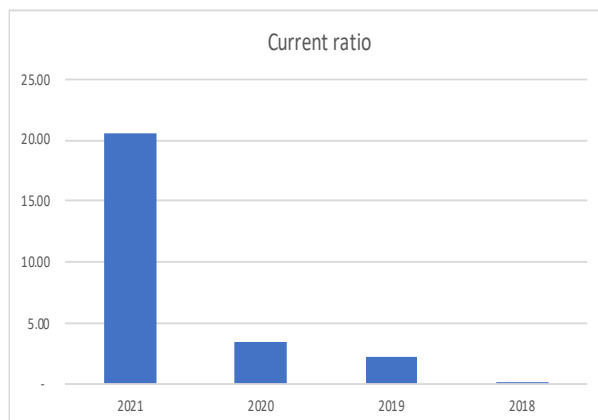


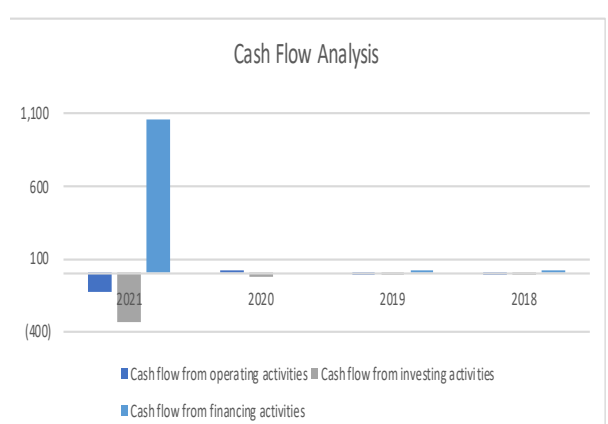
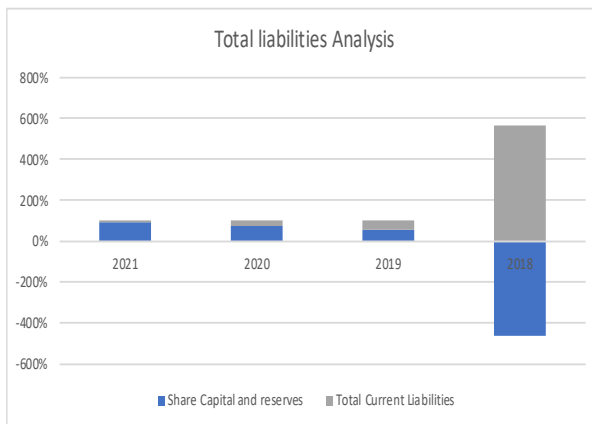
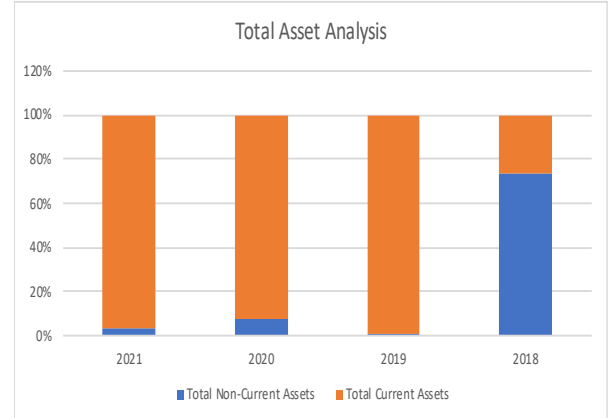
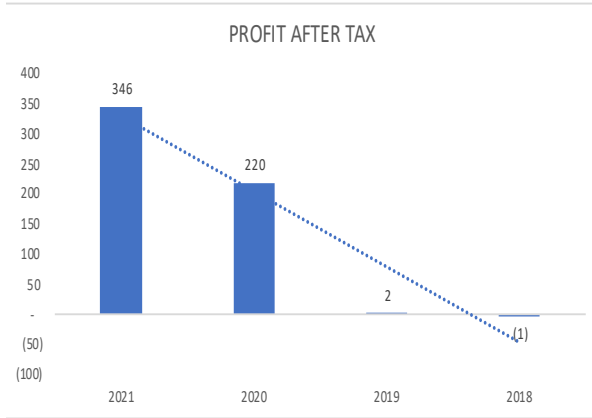
Graphical Representation





Graphical Presentation





Pattern of Shareholding

AS AT DECEMBER 31, 2021

| No. of Shareholders | No. of Shareholdings | | Total Shares |
|---------------------|----------------------|-------------|--------------------|
| | From | To | |
| 254 | 1 | 100 | 7,423 |
| 3,511 | 101 | 500 | 1,712,253 |
| 983 | 501 | 1,000 | 923,586 |
| 704 | 1,001 | 5,000 | 1,728,273 |
| 146 | 5,001 | 10,000 | 1,079,354 |
| 50 | 10,001 | 15,000 | 648,419 |
| 38 | 15,001 | 20,000 | 678,882 |
| 30 | 20,001 | 25,000 | 692,006 |
| 22 | 25,001 | 30,000 | 619,482 |
| 15 | 30,001 | 35,000 | 499,396 |
| 11 | 35,001 | 40,000 | 420,768 |
| 10 | 40,001 | 45,000 | 418,876 |
| 13 | 45,001 | 50,000 | 629,216 |
| 5 | 50,001 | 55,000 | 259,658 |
| 6 | 55,001 | 60,000 | 352,563 |
| 2 | 60,001 | 65,000 | 130,000 |
| 5 | 65,001 | 70,000 | 338,486 |
| 11 | 70,001 | 75,000 | 815,760 |
| 20 | 75,001 | 80,000 | 1,508,851 |
| 2 | 90,001 | 95,000 | 183,857 |
| 4 | 95,001 | 100,000 | 400,000 |
| 3 | 100,001 | 105,000 | 305,677 |
| 1 | 110,001 | 115,000 | 114,000 |
| 1 | 115,001 | 120,000 | 115,500 |
| 1 | 135,001 | 140,000 | 135,299 |
| 3 | 145,001 | 150,000 | 445,499 |
| 1 | 150,001 | 155,000 | 150,598 |
| 2 | 165,001 | 170,000 | 336,561 |
| 1 | 175,001 | 180,000 | 178,273 |
| 2 | 195,001 | 200,000 | 400,000 |
| 1 | 200,001 | 205,000 | 200,299 |
| 1 | 245,001 | 250,000 | 250,000 |
| 1 | 260,001 | 265,000 | 260,299 |
| 2 | 265,001 | 270,000 | 531,923 |
| 2 | 270,001 | 275,000 | 542,621 |
| 2 | 295,001 | 300,000 | 599,186 |
| 2 | 300,001 | 305,000 | 602,682 |
| 1 | 315,001 | 320,000 | 315,821 |
| 1 | 325,001 | 330,000 | 326,132 |
| 1 | 395,001 | 400,000 | 400,000 |
| 1 | 440,001 | 445,000 | 444,853 |
| 1 | 470,001 | 475,000 | 470,058 |
| 1 | 650,001 | 655,000 | 653,745 |
| 1 | 680,001 | 685,000 | 684,799 |
| 1 | 700,001 | 705,000 | 700,500 |
| 1 | 810,001 | 815,000 | 810,576 |
| 1 | 880,001 | 885,000 | 882,093 |
| 1 | 1,040,001 | 1,045,000 | 1,043,500 |
| 1 | 1,400,001 | 1,405,000 | 1,402,404 |
| 1 | 109,395,001 | 109,400,000 | 109,399,995 |
| 5,881 | | | 136,750,002 |

Catagories of Shareholding

AS AT DECEMBER 31, 2021

| S.No. | Shareholders Category | No. of Shareholder | No. of Shares | Percentage |
|---|--|--------------------|---------------|------------|
| 1 | Directors, Chief Executive Officer, and their spouse and minor children (to be confirm by Company) | 7 | 30,007 | 0.02 |
| 2 | Associated Companies, Undertakings and related Parties (to be confirm by Company) | 1 | 109,399,995 | 80.00 |
| 3 | NIT and ICP | - | - | - |
| 4 | Banks, Development Financial Institutions, Non Banking Financial Institutions | 4 | 86,576 | 0.06 |
| 5 | Insurance Companies | 5 | 124,160 | 0.09 |
| 6 | Modarabas and Mutual Funds | 48 | 4,685,280 | 3.43 |
| 7 | Share holders holding 10% | 1 | 109,399,995 | 80.00 |
| 8 | General Public: | | | |
| | a. local | 5,712 | 16,481,614 | 12.05 |
| | b .Foreign | - | - | - |
| 9 | Others | 104 | 5,942,370 | 4.35 |
| Total (excluding : share holders holding 10%) | | 5,881 | 136,750,002 | 100.00 |

Category Details of Shareholding

AS AT DECEMBER 31, 2021

| S.No. | Folio | Name | Holding |
|---|--------------|--------------------------------------|-------------|
| Directors, Chief Executive Officer, and their spouse and minor children (to be confirm by Company) | | | |
| 1 | 7 | SALEHA ASIF | 1 |
| 2 | 03228-44355 | MOHAMMAD SHAHID MIR | 1 |
| 3 | 03525-112897 | BAKHTIAR HAMEED WAIN | 1 |
| 4 | 05264-48871 | TANVEER KARAMAT | 30,001 |
| 5 | 05264-103056 | JUNAID MUSHTAQ PARACHA | 1 |
| 6 | 10629-168776 | ADEEL KHALID | 1 |
| 7 | 10629-169329 | ASMAR AHMED ATIF | 1 |
| TOTAL >> | | | 30,007 |
| Associated Companies, Undertakings and related Parties (to be confirm by Company) | | | |
| 1 | 03277-116359 | AVANCEON LIMITED | 109,399,995 |
| TOTAL >> | | | 109,399,995 |
| Banks, Development Financial Institutions, Non Banking Financial Institutions | | | |
| 1 | 01875-39 | SAMBA BANK LIMITED | 10,000 |
| 2 | 02246-42 | HABIB BANK LIMITED-TREASURY DIVISION | 16,076 |
| 3 | 02295-39 | FAYSAL BANK LIMITED | 60,000 |
| 4 | 02832-32 | MEEZAN BANK LIMITED | 500 |
| TOTAL >> | | | 86,576 |

Category Details of Shareholding

AS AT DECEMBER 31, 2021

| S.No. | Folio | Name | Holding |
|-----------------------------------|-------------|---|----------------|
| Insurance Companies | | | |
| 1 | 03277-15009 | CENTURY INSURANCE COMPANY LTD. | 10,685 |
| 2 | 03277-57588 | ATLAS INSURANCE LIMITED | 20,924 |
| 3 | 13748-501 | ADAMJEE LIFE ASSURANCE COMPANY LTD-IMF | 299 |
| 4 | 18093-27 | JUBILEE LIFE INSURANCE COMPANY LIMITED | 75,299 |
| 5 | 18200-22 | E. F. U. GENERAL INSURANCE LIMITED | 16,953 |
| TOTAL >> | | | 124,160 |
| Modarabas and Mutual Funds | | | |
| 1 | 05371-28 | CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND | 684,799 |
| 2 | 05488-25 | CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND | 69,530 |
| 3 | 05819-23 | CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND | 200,299 |
| 4 | 05959-27 | CDC - TRUSTEE ATLAS STOCK MARKET FUND | 336 |
| 5 | 05991-23 | CDC - TRUSTEE MEEZAN BALANCED FUND | 24,836 |
| 6 | 06171-21 | CDC - TRUSTEE FAYSAL STOCK FUND | 444,853 |
| 7 | 06197-29 | CDC - TRUSTEE ALFALAH GHP VALUE FUND | 343 |
| 8 | 06726-23 | CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND | 135,299 |
| 9 | 07070-22 | CDC - TRUSTEE MEEZAN ISLAMIC FUND | 42,336 |
| 10 | 07252-20 | CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND | 75,299 |
| 11 | 07450-521 | B.R.R. GUARDIAN MODARABA | 20,299 |
| 12 | 09449-25 | CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND | 532 |
| 13 | 09480-21 | CDC - TRUSTEE NBP STOCK FUND | 50,299 |
| 14 | 09506-26 | CDC - TRUSTEE NBP BALANCED FUND | 43,299 |
| 15 | 10603-21 | CDC - TRUSTEE APF-EQUITY SUB FUND | 129 |
| 16 | 10710-28 | CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND | 336 |
| 17 | 10900-25 | CDC - TRUSTEE APIF - EQUITY SUB FUND | 111 |
| 18 | 11056-28 | CDC - TRUSTEE HBL MULTI - ASSET FUND | 7,000 |
| 19 | 11262-23 | CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND | 178,273 |
| 20 | 11809-26 | CDC - TRUSTEE ALFALAH GHP STOCK FUND | 6 |
| 21 | 11924-22 | CDC - TRUSTEE ALFALAH GHP ALPHA FUND | 870 |
| 22 | 12120-28 | CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND | 40,857 |
| 23 | 12195-21 | CDC - TRUSTEE ABL STOCK FUND | 810,576 |
| 24 | 12336-23 | CDC - TRUSTEE LAKSON EQUITY FUND | 315,821 |
| 25 | 13391-26 | CDC-TRUSTEE HBL ISLAMIC STOCK FUND | 6,500 |
| 26 | 13698-29 | CDC - TRUSTEE HBL IPF EQUITY SUB FUND | 7,000 |
| 27 | 13714-25 | CDC - TRUSTEE HBL PF EQUITY SUB FUND | 7,000 |
| 28 | 14373-27 | MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND | 326,132 |
| 29 | 14845-29 | CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND | 232 |
| 30 | 14860-27 | CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND | 921 |
| 31 | 14902-21 | CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST | 200,000 |
| 32 | 15362-27 | CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND | 23,000 |
| 33 | 15388-25 | CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND | 42,074 |
| 34 | 15974-23 | CDC - TRUSTEE NBP ISLAMIC STOCK FUND | 20,336 |

| S.No. | Folio | Name | Holding |
|-----------------------------------|--------------|---|------------------|
| Modarabas and Mutual Funds | | | |
| 35 | 16139-23 | CDC - TRUSTEE NIT ISLAMIC EQUITY FUND | 90,857 |
| 36 | 16402-20 | CDC - TRUSTEE NBP ISLAMIC ACTIVE ALLOCATION EQUITY FUND | 16,164 |
| 37 | 16436-27 | CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND | 15,000 |
| 38 | 16501-27 | CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND | 25,524 |
| 39 | 16535-24 | CDC - TRUSTEE LAKSON TACTICAL FUND | 46,721 |
| 40 | 16626-23 | CDC - TRUSTEE LAKSON ISLAMIC TACTICAL FUND | 21,409 |
| 41 | 16733-20 | MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND | 100,424 |
| 42 | 17160-29 | CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND | 867 |
| 43 | 17210-22 | CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND | 25,001 |
| 44 | 17277-26 | CDC - TRUSTEE FIRST HABIB ASSET ALLOCATION FUND | 1 |
| 45 | 17681-26 | CDC - TRUSTEE ATLAS ISLAMIC DEDICATED STOCK FUND | 253 |
| 46 | 17988-20 | CDC - TRUSTEE FAYSAL ISLAMIC DEDICATED EQUITY FUND | 266,299 |
| 47 | 18002-26 | CDC - TRUSTEE NIT ASSET ALLOCATION FUND | 26,405 |
| 48 | 18127-22 | CDC - TRUSTEE FAYSAL ISLAMIC STOCK FUND | 16,953 |
| TOTAL >> | | | 4,685,280 |
| Others | | | |
| 1 | 00307-120612 | IGI INVESTMENTS (PVT.) LIMITED | 14,500 |
| 2 | 00364-65 | BIPL SECURITIES LIMITED | 5,000 |
| 3 | 00695-12417 | BMA FUNDS LIMITED [PK1555-0] | 75,299 |
| 4 | 01651-20884 | TRUSTEES OF HAMID ADAMJEE TRUST | 35,000 |
| 5 | 01651-30990 | FATIMA FERTILIZER COMPANY LIMITED | 74,473 |
| 6 | 01651-33341 | SAGE CONSULTING (PRIVATE) LIMITED | 5,000 |
| 7 | 01669-26 | SHAFFI SECURITIES (PVT) LIMITED | 1,000 |
| 8 | 01826-111526 | HOMMIE AND JAMSHED NUSSEERWANJEE CHARITABLE TRUST | 5,000 |
| 9 | 01826-119222 | DESCON STAFF PROVIDENT FUND TRUST | 3,052 |
| 10 | 01826-122853 | AITKENSTUART PAKISTAN (PRIVATE) LIMITED | 75,299 |
| 11 | 01826-156125 | HRSG OUTSOURCING (PVT) LIMITED EMPLOYEES GRATUITY FUND | 2,114 |
| 12 | 01826-156646 | HRSG OUTSOURCING (PVT) LIMITED EMPLOYEES PROVIDENT FUND | 11,981 |
| 13 | 01826-169599 | GHANI GLASS LIMITED EMPLOYEES PROVIDENT FUND | 5,000 |
| 14 | 01826-171447 | ADAMJEE LIFE ASSURANCE COMPANY LTD. EMPLOYEES GRATUITY FUND | 5,000 |
| 15 | 01826-178467 | LEAPING PANTHER RESEARCH (PRIVATE) LIMITED | 21,000 |
| 16 | 01826-184135 | KOT ADDU POWER COMPANY LIMITED EMPLOYEES PROVIDENT FUND | 5,000 |
| 17 | 01826-185066 | OTO PAKISTAN (PRIVATE) LIMITED | 12,267 |
| 18 | 01826-34 | BMA CAPITAL MANAGEMENT LTD. | 75,299 |
| 19 | 01826-84699 | SHAHNAWAZ (PRIVATE) LIMITED | 2,753 |
| 20 | 03038-38 | STANDARD CAPITAL SECURITIES (PVT) LIMITED | 40,000 |
| 21 | 03038-79 | STANDARD CAPITAL SECURITIES (PRIVATE) LIMITED | 40,000 |
| 22 | 03277-103278 | OBS HEALTHCARE (PRIVATE) LIMITED | 75,299 |
| 23 | 03277-103795 | DIYANAH ISLAMIC FINANCIAL SERVICES (PVT.) LIMITED | 5,506 |
| 24 | 03277-104940 | AL HAYY TRADING (PRIVATE) LIMITED | 271,799 |
| 25 | 03277-105054 | KODVAWALA TRUST | 75,299 |

Category Details of Shareholding

AS AT DECEMBER 31, 2021

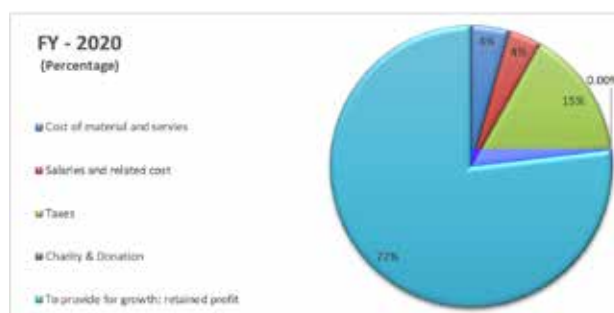
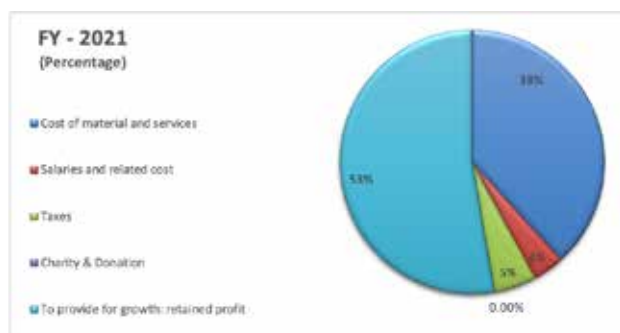
| S.No. | Folio | Name | Holding |
|---------------|--------------|--|-----------|
| Others | | | |
| 26 | 03277-1342 | SIZA SERVICES (PRIVATE) LIMITED | 1 |
| 27 | 03277-146 | DAWOOD HERCULES CORPORATION LIMITED | 74,336 |
| 28 | 03277-26972 | WESTBURY (PRIVATE) LTD | 75,299 |
| 29 | 03277-26973 | TRADING ENTERPRISES (PVT) LTD | 50,000 |
| 30 | 03277-40179 | YOUSUF YAQOOB KOLIA AND COMPANY (PVT) LTD | 470,058 |
| 31 | 03277-4841 | BULK MANAGEMENT PAKISTAN (PVT.) LTD. | 10,000 |
| 32 | 03277-48863 | CUMBERLAND (PVT) LIMITED | 75,299 |
| 33 | 03277-4931 | SOFIAN BUSINESS CORPORATION (PRIVATE) LIMITED | 75,299 |
| 34 | 03277-49694 | MARINE SERVICES (PVT.) LIMITED | 2,713 |
| 35 | 03277-71054 | NOVATEX LIMITED | 74,322 |
| 36 | 03277-78974 | CS CAPITAL (PVT) LTD | 1,500 |
| 37 | 03277-81682 | TRUSTEES OF CRESENT STEEL & ALLIED PRODUCTS LTD-PENSION FUND | 1,000 |
| 38 | 03277-87162 | PAKISTAN SYNTHETICS LIMITED | 74,336 |
| 39 | 03277-89136 | ABRIS (PVT) LTD | 43,500 |
| 40 | 03277-92878 | AMAAN CAPITAL (PRIVATE) LIMITED | 67,812 |
| 41 | 03277-94268 | AL-RAHIM TRADING COMPANY (PRIVATE) LIMITED | 35,000 |
| 42 | 03277-96883 | IGI INVESTMENTS (PVT.) LIMITED | 50,859 |
| 43 | 03350-22 | ZAHID LATIF KHAN SECURITIES (PVT) LTD. | 6 |
| 44 | 03525-110187 | AFFINITY CAPITAL (PVT.) LIMITED | 27,118 |
| 45 | 03525-48327 | SURAJ COTTON MILLS LTD. | 27,532 |
| 46 | 03525-61184 | PITCO (PVT) LTD | 27,125 |
| 47 | 03525-87235 | MAPLE LEAF CAPITAL LIMITED | 1,402,404 |
| 48 | 03525-93319 | IQBAL HAMID TRUST | 22,513 |
| 49 | 04085-24 | MRA SECURITIES LIMITED | 10,000 |
| 50 | 04366-20 | MULTILINE SECURITIES LIMITED | 47,312 |
| 51 | 04366-29417 | SUPER PETROCHEMICALS PRIVATE LIMITED | 167,112 |
| 52 | 04457-45 | FDM CAPITAL SECURITIES (PVT) LIMITED | 25,000 |
| 53 | 04457-62573 | KARACHI GRAINS (PRIVATE) LIMITED | 75,299 |
| 54 | 04457-78 | FDM CAPITAL SECURITIES (PVT) LIMITED | 5,000 |
| 55 | 04705-78456 | TRUSTEES OF PAKISTAN MOBILE COMMUNICATION LTD-PROVIDENT FUND | 8,815 |
| 56 | 04895-26 | DJM SECURITIES LIMITED | 653,745 |
| 57 | 04952-28 | SHERMAN SECURITIES (PRIVATE) LIMITED | 200,000 |
| 58 | 05348-21 | HH MISBAH SECURITIES (PRIVATE) LIMITED | 2,065 |
| 59 | 05470-26 | B & B SECURITIES (PRIVATE) LIMITED | 299 |
| 60 | 05736-15 | NCC - PRE SETTLEMENT DELIVERY ACCOUNT | 44,000 |
| 61 | 05801-24 | ADEEL & NADEEM SECURITIES (PVT) LTD. | 5,000 |
| 62 | 05884-12161 | EDULJEE DINSHAW HOLDING COMPANY (PVT) LTD | 5,136 |
| 63 | 05884-539 | ISMAIL INDUSTRIES LIMITED | 24,336 |
| 64 | 05884-9779 | TRUSTEE ALOO & MINOCHER DINSHAW CHARITABLE TRUST | 61 |
| 65 | 06452-35 | ARIF HABIB LIMITED | 834 |
| 66 | 06452-51103 | BPS GROUP COMPANIES EMPLOYEES PROVIDENT FUND | 5,560 |

| S.No. | Folio | Name | Holding |
|-----------------------|--------------|--|------------------|
| Others | | | |
| 67 | 06452-99052 | LEONINE GLOBAL SPORTS PAKISTAN (PRIVATE) LIMITED | 260,299 |
| 68 | 06650-22 | SAAO CAPITAL (PVT) LIMITED | 5,314 |
| 69 | 06957-26 | BABA EQUITIES (PVT) LTD. | 2,000 |
| 70 | 07450-1040 | TRUSTEE-FIRST DAWOOD INV. BANK LTD. & OTHER EMPOLYEES P.FUND | 1,060 |
| 71 | 07450-26 | DAWOOD EQUITIES LTD. | 25,299 |
| 72 | 09563-20 | VALUE STOCK AND COMMODITIES (PRIVATE) LIMITED | 62 |
| 73 | 10629-1035 | AQEEL KARIM DHEDHI SECURITIES (PVT.) LIMITED STAFF PRO.FUND | 3,391 |
| 74 | 10629-173271 | HAMDARD LABORATORIES (WAQF) PAKISTAN | 312 |
| 75 | 10629-236961 | MIANSONS TEXTILES (PRIVATE) LIMITED | 1,000 |
| 76 | 11387-29150 | B. K. SAADAAN (PVT) LIMITED | 4,000 |
| 77 | 12286-20 | JSK SECURITIES LIMITED | 1,000 |
| 78 | 12666-1708 | TRUSTEE OF HOMMIE AND JAMSHED NUSSERWANJEE CHARITABLE TRUST | 7,203 |
| 79 | 12666-1773 | Chevron Pakistan Lubricants (Pvt.) Ltd. EPF | 867 |
| 80 | 12666-1831 | TRUSTEE PAKISTAN PETROLEUM SENIOR PROVIDENT FUND | 322 |
| 81 | 12666-1849 | TRUSTEE PAKISTAN PETROLEUM NON-EXECUTIVE STAFF PENSION FUND | 21 |
| 82 | 12666-1856 | TRUSTEE PAKISTAN PETROLEUM NON-EXECUTIVE STAFF GRATUITY FUND | 222 |
| 83 | 12666-1880 | TRUSTEE PAKISTAN PETROLEUM EXECUTIVE STAFF GRATUITY FUND | 258 |
| 84 | 12666-2185 | SARENA TEXTILE INDUSTRIES (PRIVATE) LIMITED | 76,344 |
| 85 | 12666-502 | ALI GOHAR & COMPANY (PRIVATE) LIMITED STAFF PROVIDENT FUND | 101 |
| 86 | 12666-908 | GETZ PHARMA (PRIVATE) LIMITED EMPLOYEES PROVIDENT FUND | 134 |
| 87 | 12690-1192 | WELLCOME PAKISTAN LIMITED PROVIDENT FUND | 5,552 |
| 88 | 12690-1424 | ENGRO FERTILIZERS LIMITED NON-MPT EMPLOYEES GRATUITY FUND | 1,248 |
| 89 | 12690-1796 | AGRIAUTO INDUSTRIES LIMITED EMPLOYEES PROVIDENT FUND | 809 |
| 90 | 12690-574 | THAL LIMITED EMPLOYEES PROVIDENT FUND | 2,384 |
| 91 | 12690-616 | BYCO PETROLEUM PAKISTAN LIMITED EMPLOYEES PROVIDENT FUND | 1,954 |
| 92 | 12732-3143 | AVANCEON LTD. EMPLOYEES PROVIDENT FUND | 300,285 |
| 93 | 13748-659 | TRUSTEE-THE KOT ADDU POWER CO. LTD. EMPLOYEES PROVIDENT FUND | 1,101 |
| 94 | 13748-667 | TRUSTEE-THE KOT ADDU POWER CO. LTD. EMPLOYEES PENSION FUND | 4,267 |
| 95 | 13748-980 | TRUSTEE- GUL AHMED TEXTILE MILLS LTD. EMP. PROVIDENT FUND | 23 |
| 96 | 14118-27 | ASDA SECURITIES (PVT.) LTD. | 40,750 |
| 97 | 14415-21 | CDC - TRUSTEE NAFA PENSION FUND EQUITY SUB-FUND ACCOUNT | 36,585 |
| 98 | 14431-29 | CDC - TRUSTEE NAFA ISLAMIC PENSION FUND EQUITY ACCOUNT | 37,422 |
| 99 | 14720-23 | SHAJARPAK SECURITIES (PVT) LIMITED | 5,425 |
| 100 | 15057-24 | NINI SECURITIES (PRIVATE) LIMITED | 2,701 |
| 101 | 15578-21 | BAWANY SECURITIES (PRIVATE) LIMITED | 17,000 |
| 102 | 15719-23 | CDC - TRUSTEE ALHAMRA ISLAMIC PENSION FUND - EQUITY SUB FUND | 40,211 |
| 103 | 15727-22 | CDC - TRUSTEE PAKISTAN PENSION FUND - EQUITY SUB FUND | 145,499 |
| 104 | 16808-21 | CDC - TRUSTEE AGPF EQUITY SUB-FUND | 399 |
| TOTAL >> | | | 5,942,370 |

Statement of Value Addition



| | FOR THE YEAR ENDED | | | |
|--|--------------------|------|-------------------|------|
| | 31 December, 2021 | | 31 December, 2020 | |
| | (Rs. in '000) | %age | (Rs. in '000) | %age |
| Wealth Generated | | | | |
| Sales included sales tax | 645,026 | 98% | 285,795 | 100% |
| Other operating income | 11,143 | 2% | - | 0% |
| | 656,169 | | 285,795 | |
| Wealth Distributed | | | | |
| Cost of material and services | 251,098 | 38% | 12,495 | 4% |
| To Employees | | | | |
| Salaries and related cost | 24,787 | 4% | 10,859 | 4% |
| To Government | | | | |
| Taxes | 34,333 | 5% | 42,700 | 15% |
| To Society | | | | |
| Charity & Donation | - | 0.0% | - | 0.0% |
| Retain in the business | | | | |
| To provide for growth: retained profit | 345,951 | 53% | 219,741 | 77% |
| | 656,169 | | 285,795 | |



Financial Statements for the year ended December 31, 2021



Independent Auditor's Report

To the Members of Octopus Digital Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Octopus Digital Limited (the Company), which comprise the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of the comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

| Key audit matters | How our audit addressed the key audit matter |
|--|---|
| <p>Revenue Recognition</p> <p>The Company's revenue is derived from After Market Support (AMS) segment under various revenue streams, as referred to in Note 19 to the accompanying financial statements which primarily includes sale of goods, provision of services as well as end-to-end solutions in form of short-term and long-term projects, which in most of the cases lead to revenue being recognized over multiple accounting periods.</p> <p>Revenue is recognized based on performance obligations as mentioned in Note 5.10 to the accompanying financial statements, which requires significant management judgement and estimates in relation to assessment of distinct performance obligations along with respective standalone selling prices and budgeting the cost to complete.</p> <p>Due to complexity of accounting for multiple revenue streams, significant judgement and estimation involved in the revenue recognition process we have identified measurement of revenue recognition as a key audit matter.</p> | <p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding and evaluated the appropriateness of the Company's revenue recognition policies, in accordance with IFRS 15, including those relating to the stage of completion method and related management assessments based on the Company's operating model and its system of recording revenue related transactions; • Tested operating effectiveness of internal controls relating to the Company's revenue recognition process including budgetary control, appropriate review and approval practices and its recognition in the books of accounts; • Performed substantive analytical procedures including, amongst others, developing an expectation of project revenue for the year based on contracts entered to date and analyzing the amounts recognized against the same, month-wise and project wise revenue and margin analysis. We compared the actual cost of projects completed during the year with their forecast cost; • Performed test of details including examination of a sample of underlying contracts, review of the contractual terms and conditions and evaluating appropriate accounting treatment thereof; • Selected a sample of revenue transactions recognized during the year and recalculated the revenue recognized along with evaluation of the management basis used in determining the performance obligations in accordance with accounting policies; and • Assessed the appropriateness of disclosures in the financial statements in relation to revenue. |

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal

Independent Auditor's Report

To the Members of Octopus Digital Limited

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 related 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.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

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

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

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

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Sajjad Hussain Gill.

**EY Ford Rhodes**

Chartered Accountants

Lahore: 19 April 2022

UDIN: AR202110087ZMnq93QoE

Statement of Financial Position

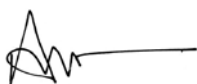
AS AT DECEMBER 31, 2021

| | Note | 2021 (Rupees) | (Restated) 2020 (Rupees) |
|---|------|------------------|--------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property and equipment | 6 | 3,730,442 | 3,394,301 |
| Intangible assets | 7 | 51,721,562 | 20,029,281 |
| Deferred tax asset | 8 | 2,632,402 | - |
| Long-term advances and deposits | | 100,000 | - |
| | | 58,184,406 | 23,423,582 |
| Current assets | | | |
| Trade debts | 9 | 665,462,136 | 281,397,143 |
| Contract assets | 10 | 66,742,421 | 14,118,457 |
| Advances, prepayments and other receivables | 11 | 30,605,390 | 471,222 |
| Short-term investment | 12 | 300,000,000 | - |
| Bank balances | 13 | 598,889,321 | 434,006 |
| | | 1,661,699,268 | 296,420,828 |
| | | 1,719,883,674 | 319,844,410 |
| EQUITY AND LIABILITIES | | | |
| Capital and reserve | | | |
| Authorized share capital of 250,000,000 (2020: 109,400,002) ordinary shares of Rs. 10 each | 14 | 2,500,000,000 | 1,094,000,020 |
| Issued, subscribed and paid-up share capital of 136,750,002 (2020: 109,400,002) ordinary shares of Rs 10. each | 14 | 1,367,500,020 | 1,094,000,020 |
| Capital reserve | 15 | (294,790,716) | (1,084,000,000) |
| Unappropriated profits | | 567,631,927 | 221,681,065 |
| | | 1,640,341,231 | 231,681,085 |
| Current liabilities | | | |
| Trade and other payables | 16 | 44,867,038 | 47,800,916 |
| Contract liabilities | 17 | 17,539,369 | 4,128,904 |
| Provision for taxation | | 17,136,036 | 36,233,505 |
| | | 79,542,443 | 88,163,325 |
| Contingencies and commitments | 18 | - | - |
| | | 1,719,883,674 | 319,844,410 |

The annexed notes from 1 to 34 form an integral part of these financial statements.



Chief Executive



Chief Financial Officer



Director

Statement of Comprehensive Income

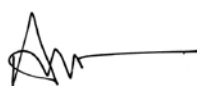
FOR THE YEAR ENDED DECEMBER 31, 2021

| | Note | 2021 (Rupees) | (Restated) 2020 (Rupees) |
|---|------|------------------|--------------------------------|
| Revenue from contracts with customers | 19 | 625,196,134 | 277,113,714 |
| Cost of revenue | 20 | (151,981,576) | (7,753,892) |
| Gross profit | | 473,214,558 | 269,359,822 |
| Administrative and selling expenses | 21 | (123,903,422) | (15,382,883) |
| Other operating income | 22 | 11,143,360 | - |
| Other operating expenses | 23 | - | (216,718) |
| Profit before taxation | | 360,454,496 | 253,760,221 |
| Taxation | 24 | (14,503,634) | (34,018,735) |
| Profit after taxation for the year | | 345,950,862 | 219,741,486 |
| Other comprehensive income | | - | - |
| Total comprehensive income | | 345,950,862 | 219,741,486 |
| | | | |
| Earnings per share - Basic | 25.1 | 2.53 | 2.01 |
| | | | |
| Earnings per share - Diluted | 25.2 | 2.53 | 2.01 |


The annexed notes from 1 to 34 form an integral part of these financial statements.



Chief Executive



Chief Financial Officer



Director

Statement of Changes in Equity

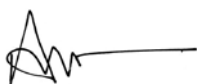
FOR THE YEAR ENDED DECEMBER 31, 2021

| | | | (Restated) Capital reserve | (Restated) Revenue reserves | |
|---|---|---|-------------------------------|--------------------------------|---------------|
| | Issued, subscribed and paid-up capital | Group restructuring reserve (Note 1.2) | Share Premium | Unappropriated profits | Total Equity |
| | (Rupees) | | | | |
| Balance as at 1 January 2020 | 10,000,020 | - | - | 1,939,579 | 11,939,599 |
| Total comprehensive income for the year | - | - | - | 219,741,486 | 219,741,486 |
| Issuance of ordinary shares to parent company | 1,084,000,000 | (1,084,000,000) | - | - | - |
| Balance as at 31 December 2020 | 1,094,000,020 | (1,084,000,000) | - | 221,681,065 | 231,681,085 |
| Total comprehensive income for the year | - | - | - | 345,950,862 | 345,950,862 |
| Issuance of ordinary shares | 273,500,000 | - | 789,209,284 | - | 1,062,709,284 |
| Balance as at 31 December 2021 | 1,367,500,020 | (1,084,000,000) | 789,209,284 | 567,631,927 | 1,640,341,231 |

The annexed notes from 1 to 34 form an integral part of these financial statements.



Chief Executive



Chief Financial Officer



Director

Cash Flow Statement

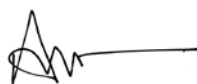
FOR THE YEAR ENDED DECEMBER 31, 2021

| | Note | 2021 (Rupees) | (Restated) 2020 (Rupees) |
|---|------|----------------------|--------------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Net profit before taxation | | 360,454,496 | 253,760,221 |
| Adjustment for: | | | |
| Depreciation - owned assets | 6 | 1,115,822 | 350,000 |
| Allowance for expected credit losses - trade debts | 21 | 593,833 | - |
| Allowance for expected credit losses - contract asset | 21 | 3,100,614 | - |
| Allowance for expected credit losses - related party | 21 | 58,068,864 | - |
| Exchange gain | 22 | (7,835,945) | - |
| Profit on bank deposit | 22 | (3,307,415) | - |
| Operating profit before working capital changes | | 412,190,269 | 254,110,221 |
| Adjustments for working capital changes | | | |
| (Increase) / Decrease in current assets | | | |
| Trade debts | 9 | (434,891,745) | (270,291,653) |
| Contract assets | 10 | (55,724,578) | (14,118,457) |
| Advances, prepayments and other receivables | 11 | (12,915,727) | (385,930) |
| | | (503,532,050) | (284,796,040) |
| Increase / (Decrease) in current liabilities | | | |
| Creditors, accrued and other liabilities | 16 | (2,933,878) | 46,985,513 |
| Contract liabilities | 17 | 13,410,465 | 4,128,904 |
| | | 10,476,587 | 51,114,417 |
| Cash (used in) / generated from operations | | (80,865,194) | 20,428,598 |
| Profit received on term deposit certificate | | 1,770,429 | - |
| Additions in long-term advances and deposits | | (100,000) | - |
| Income tax paid | | (51,914,960) | (25,292) |
| Net cash (used in) / generated from operating activities | | (131,109,725) | 20,403,306 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property and equipment | 6 | (1,451,963) | (3,650,953) |
| Additions in capital work-in-progress | 7 | (31,692,281) | (20,029,281) |
| Additions in short-term investment | 12 | (300,000,000) | - |
| Net cash used in investing activities | | (333,144,244) | (23,680,234) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Issuance of ordinary shares | 14 | 273,500,000 | - |
| Increase in share premium due to issuance of shares | 15 | 789,209,284 | - |
| Net cash generated from financing activities | | 1,062,709,284 | - |
| Net increase / (decrease) in cash and cash equivalents | | 598,455,315 | (3,276,928) |
| Cash and cash equivalents at the beginning of the year | | 434,006 | 3,710,934 |
| Cash and cash equivalents at the end of the year | | 598,889,321 | 434,006 |

The annexed notes from 1 to 34 form an integral part of these financial statements.



Chief Executive



Chief Financial Officer



Director

Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2021

1. CORPORATE AND GENERAL INFORMATION

1.1 Legal status and nature of the business

Octopus Digital Limited (the Company) was incorporated in Pakistan on 29 December 2017 as a private limited company which was converted to public Company on 11 November 2020 under the Companies Act, 2017. The Company is a wholly owned subsidiary of a listed company namely Avanceon Limited (the Holding Company). Its registered office is situated at 19 KM Main Multan Road, Lahore.

The prime business of the Company is to carry out Information Technology enabled services which includes but are not limited to online data/information storage, online monitoring and review of employees efficiency, online monitoring of cost and production efficiency, online monitoring and maintenance of plant and machinery, sale and trade of related software and equipment etc.

1.2 Business restructuring adjustment - restatement

The Company entered into a Business Arrangement with Avanceon Limited, the parent company, on 08 December 2020, whereby, After Market Segment (AMS) business was transferred to the Company with effect from 01 January 2020. The Company, with the approval of the Securities and Exchange Commission of Pakistan (SECP) dated 09 April 2021 under Section 83(1)b of the Companies Act, 2017 to issue shares otherwise than cash, issued 108,400,000 ordinary shares at a consideration of Rs. 1,084 million, having face value of Rs. 10 each. The Company recognized the transferred business at fair value.

As the Company was newly established at the time of transfer of business therefore there was, in substance, no acquisition to be accounted for. Further, as the Company had no business of its own at the time of business transfer, this is also not a business combination within the scope of IFRS 3. Hence, the Company should have applied predecessor method of accounting in its separate financial statements.

Subsequent to the year end 2021, the issuance of an accounting standard by SECP on "Accounting for Common Control Transactions," that further reconfirms the above accounting treatment for similar transactions and supports the view that the Company's accounting under acquisition method in its 31 December 2020 financial statements was inappropriate.

Under the measurement principle of predecessor accounting, at the date of common control transaction, there shall be no:

- a) fair value adjustment to the assets and liabilities of the transferred / transferring entity; or
- b) recognition of new assets and liabilities for the transferred / transferring entity.

The above standard also requires the Company, as a receiving entity, to recognize the difference between consideration transferred and net carrying amount of the assets received from Avanceon Limited, as a transferring entity, within its equity.

The Company, considering the above requirement, has applied the predecessor accounting method retrospectively by adjusting the corresponding figures whereby the previously recognized Intangible Assets have been adjusted and presented as a separate component within equity. Amortization expense charged on these intangibles during the year ended 31 December 2020, amounting to Rs. 14.453 million has been reversed, which resulted in increase in income tax expense by Rs. 3.353 million. Due to these adjustments the profit for the year ended 31 December 2020 has increased by Rs. 11.1 million from 208.641 million to Rs. 219.741 million. Since, these prior period adjustments impacted only the balances as at 31 December 2020, therefore statement of financial position as at 01 January 2020 has not been presented.

- 1.3** During the year, the Company initiated the process to raise funds through Initial Public Offering (IPO) in order to expand the existing business of the Company. On 05 August 2021, the Securities and Exchange Commission of Pakistan (SECP) granted approval to the Company to issue, circulate and publish Prospectus for the Initial Public Offering (IPO) of 27.35 million ordinary shares. On 09 and 10 September 2021, book-building and institutional / large investors' bidding process was completed for new issue of 27.35 million shares at strike price of Rs. 40.6 per share, the successful bidders were provisionally allotted 75% of the issue size i.e. 20.5125 million ordinary shares, the remaining 25% i.e. 6.8735 million shares for general public subscription was completed on 17 September 2021. Consequently, 20% of the total share capital (post IPO) of the Company stands offered to the public and institutional investors. The process of listing of shares on Pakistan Stock Exchange and trading of shares of the Company commenced on 05 October 2021.

2. STATEMENT OF COMPLIANCE

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

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

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

2.1 Standards, amendments and interpretations to published approved accounting standards

2.1.1 Standards, amendments or interpretations that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards, as applicable in Pakistan, would be effective from the dates mentioned below and have not been adopted early by the Company:

| | Standard or Interpretation | Effective date (annual periods beginning on or after) |
|-------------------------------------|---|---|
| IFRS 3 | Business Combinations - Definition of a Business (amendments) | 01 January 2022 |
| IAS 16 | Property, plant and equipment - Amendment to clarify the prohibition on an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. | 01 January 2022 |
| IAS 37 | Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. | 01 January 2022 |
| IAS 1 | Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current. | 01 January 2023 |
| IAS 1 and IFRS Practice Statement 2 | Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 - The amendments aim to help entities provide accounting policy disclosures that are more useful by: <ul style="list-style-type: none"> - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. | 01 January 2023 |
| IAS 8 | Definition of Accounting Estimates - Amendments to IAS 8 - The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. | 01 January 2023 |
| IAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 - In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. | 01 January 2023 |
| IFRS 10 & IAS 28 | Consolidated Financial Statements & Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - (Amendment) | 01 January 2023 |

The Company expects that the adoption of the amendments will have no material effect on the Company's financial statements.

In addition to the above new standards and amendments to standards, improvements to various accounting standards (under the annual improvements 2018 - 2020 cycle) have also been issued by the IASB in May 2020. Such improvements are generally effective for accounting periods beginning on or after January 01, 2022:

Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2021

| | |
|--------|--|
| IFRS 9 | Financial Instruments: Fees in the '10 per cent' test for derecognition of financial liabilities - The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39. |
| IFRS 1 | 'As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. |
| IAS 41 | Agriculture: Taxation in fair value measurements - The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. |

The Company expects that the adoption of the above standards will have no material effect on the Company's financial statements, in the period of initial application.

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

| | Standard or Interpretation | Effective date (annual periods beginning on or after) |
|---------|--|---|
| IFRS 1 | First-time Adoption of International Financial Reporting Standards | 01 January 2009 |
| IFRS 17 | Insurance Contracts | 01 January 2023 |

The Company expects that the adoption of the above standards will have no material effect on the Company's financial statements, in the period of initial application.

2.1.2 Changes in accounting policies and disclosures resulting from amendments in standards during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, except for following amendments to following standards as described below:

IFRS 9, IAS 39, Interest Rate Benchmark Reform - Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
IFRS 7, IFRS 4
and IFRS 16

IFRS 16 Covid-19-Related Rent Concessions beyond June 30, 2021 (Amendment to IFRS 16)

3. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention unless otherwise stated in respective notes.

3.1 Functional and presentation currency

These financial statements have been prepared in Pak Rupee, which is the functional currency of the Company. Figures have been rounded off to the nearest thousand of Pak Rupee.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

4.1 Provision for expected credit losses

For trade and other receivables, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses as explained in note 9.1.4, 9.2.2 and 10.2. 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.

4.2 Cost to complete the projects and related revenue

As part of application of cost to cost method on contract accounting, the Company estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognized.

These estimates are based on the prices of materials and services applicable at that time, forecasted increases and expected completion date at the time of such estimation. Such estimates are reviewed at regular intervals. Any subsequent changes in the prices of materials and services compared to forecasted prices and changes in the time of completion affect the results of the subsequent periods. In accordance with the matching principle, the revenue recognition is based on percentage of completion method.

Other areas where estimates and judgments involved are disclosed in respective notes to the financial statements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Property and equipment

Owned assets

Property and equipment are stated at cost less accumulated depreciation and any identified impairment loss.

Depreciation is charged to profit or loss using the straight line method whereby the cost less residual value of an operating asset is written off over its estimated useful life. Depreciation is charged on additions from the month of its acquisition whereas no depreciation is charged on assets disposed off during the month. The rates of depreciation are stated in note 6 to the financial statements. The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant.

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

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit or loss during the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense in the period in which it is incurred.

Capital work-in-progress

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

5.2 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2021

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Capital work-in-progress

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

5.3 Taxation

Current

Provision of 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 using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability 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 period 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, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

5.4 Financial instruments – initial recognition and subsequent measurement

5.4.1 Financial instruments: assets

i) Classification and measurement of financial instruments

Financial instruments are initially recognized when an entity becomes a party to the contractual provisions of the instrument, and are classified into various categories depending upon the type of instrument, which then determines the subsequent measurement of the instrument.

IFRS 9 states that classification is based on two aspects; the business model within which the asset is held (the business model test) and the contractual cash flows of the asset which meet the solely payments of principal and interest ('SPPI') test.

IFRS 9 includes three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL). The Company determines the classification at initial recognition.

a) Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets 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.

The Company has trade debts, due from related parties, short term investments, other receivables and bank balances classified as financial assets at amortized cost.

b) Financial assets at fair value through OCI (FVTOCI)

A debt instrument is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling 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.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment by investment basis.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Company does not have any financial asset under this category.

c) Financial assets at fair value through profit or loss (FVTPL)

A financial asset is mandatorily classified in this category if it is acquired principally for the purpose of selling in the short term, or if it fails the SPPI test. Derivatives are classified as FVTPL as they do not meet the SPPI criteria.

A financial asset can be classified in this category by choice if so designated by management at inception. This designation is because the relevant assets and liabilities (including derivatives) are managed together and internal reporting is evaluated on a fair value basis.

The Company defines fair value as the price, as at the measurement date, that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

The Company does not have any financial asset under this category.

ii) Initial recognition

At initial recognition, the Company recognizes a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

iii) Subsequent measurement

Gains and losses arising from changes in the fair value of assets classified as fair value through profit or loss are included in the statement of profit or loss in the period in which they arise.

Gains and losses arising from changes in the fair value of debt instruments classified as fair value through other comprehensive income are recognized as other comprehensive income until the financial asset is derecognized or impaired, at which time the cumulative gain or loss previously recognized in statement of comprehensive income is recognized in the statement of profit or loss. Any premium or discount paid on the purchase of securities held at amortized cost is amortized through the statement of profit or loss using the effective interest rate method.

iv) Derecognition

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

Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2021

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 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 investment's revaluation reserve is reclassified to 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.

5.4.2 Impairment of financial assets

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

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

For trade receivables, contract assets and due from related parties, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

5.4.3 Offsetting of financial assets and liabilities

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

5.4.5 Financial Instruments: liabilities

i) Classification of financial liabilities

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

ii) Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of financial liabilities measured at amortized cost, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables.

iii) Subsequent measurement

Financial liabilities at amortized cost are subsequently measured at amortized cost. Whereas, financial liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial liabilities held at FVTPL are included in the 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 statement of comprehensive income. Currently, there are no financial liabilities designated at FVTPL.

iv) Derecognition

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

5.5 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise cash in hand and bank balances.

5.6 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at year end and adjusted to reflect the current best estimate.

5.7 Contingent Liability

Contingent liability is disclosed when:

- there is possible obligation that arises from past events and whose existence will be confirmed only by occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

5.8 Foreign currencies

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into rupees at the spot rate. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss.

5.9 Contract balances**Contract asset**

A contract asset is initially recognised for revenue earned from projects and service contracts because the receipt of consideration is conditional on successful completion of the projects and service contracts. Upon completion and acceptance by the customer, amount recognized as contract asset is reclassified to trade receivables. Contract assets are also subject to impairment assessment. Refer to accounting policies on impairment of financial assets in Note 5.4.2.

Trade receivables

Trade debts and other receivables are recognized and carried at original invoice amount less expected credit losses (ECL) as explained in Note 9.1.4 and 9.2.2.

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 delivered under contract.

Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2021

5.10 Revenue recognition

The Company records its revenue on following basis as discussed below:

Sale of goods

Revenue from sale of goods is to be recognized at a point in time when control of the goods is transferred to the customers, generally on delivery of products to customers.

Rendering of services

Maintenance and service income comprises of revenue earned from service level agreements, where the customer enters into a contract with the Company for a fixed period of time and fee amount, both pre-defined in the contract, for various technical and engineering services. Revenue is recognized on the basis of percentage of rendering of services, i.e. on the number of days of services performed out of the total contracted days for service level agreements.

Project revenue

These comprise of projects such as Hardware and Software Automation, Efficiency solution, Scada Upgradation etc. Revenue from these projects is accounted for using cost to cost method, according to which the Company's progress towards satisfaction of performance obligations is determined by dividing actual cost incurred on the project to date by total forecasted cost, which is calculated by a team of engineers on the inception of the project.

5.11 Related party transactions

Transactions involving related parties arising in the normal course of business are conducted at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Parties are said to be related if they are able to influence the operating and financial decisions of the Company and vice versa.

5.12 Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are also tested for impairment when there are indicators that the carrying amounts may not be recoverable. For assets which can generally be sold in the market, the prevailing market price is used as an indicator of current recoverable amount. Technical analysis and market data is used to arrive at the recoverable amount for specialized assets.

5.13 Earnings per share - basic and diluted

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

5.14 Provident fund

The parent company operates an approved contributory provident fund for all permanent employees by establishing a separate Trust. Equal monthly contributions are made by the Company and employees to the fund at the rate of 10% (2020: 10%) of basic salary.

6. PROPERTY AND EQUIPMENT

6.1 Operating fixed assets

| 2021 | | | | | | | | |
|---------------------|------------------|----------------------|-------------------|------------------|---------------------|-------------------|----------------------------------|--------|
| Description | COST | | | DEPRECIATION | | | Net book value as at 31 December | Rate |
| | As at 01 January | Additions during the | As at 31 December | As at 01 January | Charge for the year | As at 31 December | | |
| Rupees | | | | | | | | |
| Owned assets | | | | | | | | |
| Tools and Equipment | 3,650,953 | - | 3,650,953 | 304,246 | 730,191 | 1,034,437 | 2,616,516 | 20% |
| Office Equipment | 55,443 | - | 55,443 | 19,405 | 11,088 | 30,493 | 24,950 | 20% |
| Computers | 104,000 | 1,451,963 | 1,555,963 | 92,444 | 374,543 | 466,987 | 1,088,976 | 33.33% |
| | 3,810,396 | 1,451,963 | 5,262,359 | 416,095 | 1,115,822 | 1,531,917 | 3,730,442 | |
| 2020 | | | | | | | | |
| Description | COST | | | DEPRECIATION | | | Net book value as at 31 December | Rate |
| | As at 01 January | Additions during the | As at 31 December | As at 01 January | Charge for the year | As at 31 December | | |
| Rupees | | | | | | | | |
| Owned assets | | | | | | | | |
| Tools and Equipment | - | 3,650,953 | 3,650,953 | - | 304,246 | 304,246 | 3,346,707 | 20% |
| Office Equipment | 55,443 | - | 55,443 | 8,317 | 11,088 | 19,405 | 36,038 | 20% |
| Computers | 104,000 | - | 104,000 | 57,778 | 34,666 | 92,444 | 11,556 | 33.33% |
| | 159,443 | 3,650,953 | 3,810,396 | 66,095 | 350,000 | 416,095 | 3,394,301 | |

6.1.1 The depreciation charge for the year on fixed assets has been allocated as follows:

| | Note | 2021 (Rupees) | 2020 (Rupees) |
|-------------------------------------|-----------|------------------|--------------------------------|
| Cost of revenue | 20 | 557,911 | 175,000 |
| Administrative and selling expenses | 21 | 557,911 | 175,000 |
| | | 1,115,822 | 350,000 |
| | | | |
| | Note | 2021 (Rupees) | (Restated) 2020 (Rupees) |
| Capital work-in-progress | 7.2 & 1.2 | 51,721,562 | 20,029,281 |

7.2 This relates to the development of software for providing digital services.

Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2021

| | Note | 2021 (Rupees) | 2020 (Rupees) |
|--|-------|------------------|------------------|
| 8. DEFERRED TAXATION | | | |
| The net (asset) / liability for deferred taxation comprises temporary differences relating to: | | | |
| Accelerated tax depreciation / amortization | | (25,843) | - |
| Income taxable on receipt basis | | (1,819,595) | - |
| Provision for doubtful debts / earnings | | 4,477,840 | - |
| | | 2,632,402 | - |
| Reconciliation of deferred tax (asset) / liability net | | | |
| As of 01 January | | - | - |
| Tax expense / (income) recognized in profit and loss | | 2,632,402 | - |
| Tax expense recognized in other comprehensive income | | - | - |
| As at 31 December | | 2,632,402 | - |
| 9. TRADE DEBTS | | | |
| Considered good | | | |
| Due from related party | 9.1 | 653,769,525 | 271,944,274 |
| Due from others | 9.2 | 11,692,611 | 9,452,869 |
| | | 665,462,136 | 281,397,143 |
| 9.1 Due from related party | | | |
| Avanceon Limited | 9.1.1 | 215,378,759 | 114,167,591 |
| Avanceon Free Zone Establishment, UAE | 9.1.2 | 153,432,204 | 95,918,421 |
| Avanceon Automation & Control WLL, Qatar | 9.1.3 | 343,027,426 | 61,858,262 |
| | | 711,838,389 | 271,944,274 |
| Less: Allowance for expected credit losses | 9.1.4 | (58,068,864) | - |
| | | 653,769,525 | 271,944,274 |
| 9.2 Due from others | | | |
| Trade receivables - Others | 9.2.1 | 12,286,444 | 9,452,869 |
| Less: Allowance for expected credit losses | 9.2.2 | (593,833) | - |
| | | 11,692,611 | 9,452,869 |
| 9.1.1 Ageing receivable from Avanceon Limited | | | |
| Not yet due | | 3,472,893 | 2,374,650 |
| 30 days | | 5,315,653 | 8,093,564 |
| 30 - 90 days | | 61,874,223 | 12,902,384 |
| 90 - 180 days | | 55,542,645 | 211,802,747 |
| Above 180 days | | 89,173,345 | - |
| | | 215,378,759 | 235,173,345 |
| 9.1.2 Ageing of Avanceon Free Zone Establishment, UAE | | | |
| Not yet due | | 4,538,405 | 2,173,645 |
| 30 days | | 11,611,093 | 1,127,263 |
| 30 - 90 days | | 21,507,080 | 2,865,894 |
| 90 - 180 days | | 41,928,807 | 10,293,745 |
| Above 180 days | | 73,846,623 | - |
| | | 153,432,008 | 16,460,547 |

| | 2021 (Rupees) | 2020 (Rupees) | |
|--|--|--------------------------|--------------|
| 9.1.3 Ageing of Avanceon Automation & Control WLL, Qatar | | | |
| Not yet due | 2,563,740 | 3,726,450 | |
| 30 days | 15,460,940 | 2,318,391 | |
| 30 - 90 days | 52,166,296 | 4,592,840 | |
| 90 - 180 days | 136,562,896 | 9,672,701 | |
| Above 180 days | 136,273,554 | - | |
| | 343,027,426 | 20,310,382 | |
| 9.1.4 Allowance for expected credit losses - Related party | | | |
| Opening balance | - | - | |
| Add: Allowance for the year | 58,068,864 | - | |
| Closing balance | 58,068,864 | - | |
| 9.2.1 Ageing of others | | | |
| Not yet due | 3,589,200 | - | |
| Less than one year | 3,305,623 | 7,982,091 | |
| One to two years | 5,391,621 | 1,470,777 | |
| | 12,286,444 | 9,452,868 | |
| 9.2.2 Allowance for expected credit losses - Others | | | |
| Opening balance | - | - | |
| Add: Allowance for the year | 593,833 | - | |
| Closing balance | 593,833 | - | |
| 9.4 The maximum amount outstanding at any time during the year calculated by reference to month end balances is as follows: | | | |
| | 2021 (Rupees) | 2020 (Rupees) | |
| Avanceon Limited | 215,378,759 | 114,167,591 | |
| Avanceon Free Zone Establishment | 153,432,204 | 95,918,421 | |
| Avanceon Automation & Control WLL | 343,027,426 | 61,858,262 | |
| 9.5 Corresponding figures have been reclassified as follows: | | | |
| Description | Reclassified to | Reclassified from | 2020 |
| Related party balances | Trade debts | Due from related party | 271,944,274 |
| Related party balances | Creditors, accrued and other liabilities | Due from related party | (34,073,729) |
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Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2021

| | Note | 2021 (Rupees) | 2020 (Rupees) |
|--|------|------------------|------------------|
| 10.1 Ageing of contract asset | | | |
| Not yet due | | 9,855,949 | |
| Less than one year | | 10,928,473 | - |
| One to two years | | 15,289,183 | - |
| Two to three years | | 5,695,504 | - |
| | | 41,769,109 | - |
| 10.2 Allowance for expected credit losses | | | |
| Opening balance | | - | - |
| Add: Allowance for the year | | 3,100,614 | - |
| Closing balance | | 3,100,614 | - |
| 11. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES | | | |
| Advances - considered good | | | |
| - To employees | | 1,726,262 | 54,000 |
| - To suppliers | | 10,169,185 | 331,930 |
| | | 11,895,447 | 385,930 |
| Prepayments | | 1,408,971 | - |
| Tax refunds due from government - considered good - Sales tax | | 82,531 | 85,292 |
| Tax refunds due from government - considered good - Income tax | | 15,681,455 | - |
| Other receivables - considered good | | 1,536,986 | - |
| | | 30,605,390 | 471,222 |
| 12. SHORT TERM INVESTMENT | | | |
| Term Deposit Certificate - TDR | 12.1 | 300,000,000 | - |

12.1 This represents TDR having maturity of three month. It carries mark-up at the rate of 8.5% per annum.

| | 2021 (Rupees) | 2020 (Rupees) |
|-----------------------------------|------------------|------------------|
| 13. CASH AND BANK BALANCES | | |
| Current account - Local currency | 598,889,321 | 434,006 |

14. SHARE CAPITAL

| 2021 (Number of Shares) | 2020 (Number of Shares) | | 2021 (Rupees) | 2020 (Rupees) |
|----------------------------|----------------------------|---|------------------|------------------|
| 250,000,000 | 109,400,002 | Authorized share capital ordinary shares of Rs.10 each | 2,500,000,000 | 1,094,000,020 |
| 109,400,002 | 1,000,002 | Issued, subscribed and paid-up capital Ordinary shares of Rs.10 each fully paid in cash | 1,094,000,020 | 10,000,020 |
| - | 108,400,000 | Ordinary shares of Rs.10 each issued for consideration other than in cash (note 14.2) | - | 1,084,000,000 |
| 27,350,000 | - | Ordinary shares of Rs.10 each fully paid in cash | 273,500,000 | - |
| 136,750,002 | 109,400,002 | | 1,367,500,020 | 1,094,000,020 |

14.1 109,399,995 (2020: 109,400,000) shares are held by Avanceon Limited, parent Company and remaining 7 (2020:2) shares are held by directors i.e. Tanveer Karamat, Bakhtiar Hameed Wain, Adeel Khalid, Asmar Ahmed Atif, Junaid Mushtaq Paracha, Muhammad Shahid Mir and Saleha Asif.

14.2 Movement during the year is as follows:

| | 2021 | 2020 | 2021 | (Restated) 2020 |
|---|---------------|-------------|-----------------|--------------------|
| | No. of shares | | (Rupees) | (Rupees) |
| Balance as at 01 January | 109,400,002 | 1,000,002 | 1,094,000,020 | 10,000,020 |
| Issued during the year | 27,350,000 | 108,400,000 | 273,500,000 | 1,084,000,000 |
| Balance as at 31 December | 136,750,002 | 109,400,002 | 1,367,500,020 | 1,094,000,020 |
| 15. CAPITAL RESERVE | | | | |
| Share premium | | | | |
| Opening balance | | | - | - |
| Shares issued against Initial Public Offering | | | 836,910,000 | - |
| | | | 836,910,000 | - |
| Less: Costs incurred on Initial Public Offering | | | (47,700,716) | - |
| | | | 789,209,284 | - |
| Group restructuring reserve | | | (1,084,000,000) | (1,084,000,000) |
| | | | (294,790,716) | (1,084,000,000) |

This reserve shall be utilized for the purpose as specified in section 81(2) of the Companies Act, 2017.

| | Note | 2021 (Rupees) | 2020 (Rupees) |
|---|------|------------------|------------------|
| 16. CREDITORS, ACCRUED AND OTHER LIABILITIES | | | |
| Creditors | | 3,670,145 | 1,361,466 |
| Payable to related parties | 16.1 | 31,852,906 | 34,073,729 |
| Accrued liabilities | | 1,490,230 | 500,000 |
| Payable to employees | | 2,832,894 | 768,726 |
| Tax deducted at source | | 2,791,357 | 39,446 |
| Sales tax payable | | 2,229,506 | 11,057,549 |
| | | 44,867,038 | 47,800,916 |

16.1 This represent the amount payable to related parties to carry out the day to day operations or use of office premises. These payments are unsecured and do not carry interest.

| | Note | 2021 (Rupees) | 2020 (Rupees) |
|--|------|------------------|------------------|
| Avanceon Limited | | 31,852,906 | 26,805,246 |
| Avanceon Free Zone Establishment (Dubai) | | - | 7,268,483 |
| | | 31,852,906 | 34,073,729 |
| 17. CONTRACT LIABILITIES | | | |
| Advances from customers | 17.1 | 16,659,938 | 4,125,732 |
| Billing in excess of earnings | 17.2 | 879,431 | 3,172 |
| | | 17,539,369 | 4,128,904 |

17.1 This amount relates to the advance received from customers with respect to After Market Support (AMS) projects.

Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2021

| | 2021 (Rupees) | 2020 (Rupees) |
|---|------------------|------------------|
| 17.2 Movement of billings in excess of earnings: | | |
| As at 01 January | 3,172 | - |
| Addition during the year | 8,066,646 | 892,976 |
| Recognized as revenue during the year | (7,190,387) | (889,804) |
| As at 31 December | 879,431 | 3,172 |

18. CONTINGENCIES AND COMMITMENTS

18.1 There are no contingencies and commitments of the Company as at 31 December 2021. (2020: Nil).

| | Note | 2021 (Rupees) | 2020 (Rupees) |
|--|--------|------------------|------------------|
| 19. REVENUE FROM CONTRACTS WITH CUSTOMERS - NET | | | |
| Local sales and services | 19.2 | 178,027,013 | 53,760,321 |
| Export sales | 19.2.1 | 447,169,121 | 36,770,930 |
| Transfer of margin on account of AMS business | 19.3 | - | 186,582,463 |
| | | 625,196,134 | 277,113,714 |
| 19.1 Timing of revenue recognition | | | |
| Revenue from contracts with customers | | | |
| At a point in time | 19.2 | 5,163,585 | 5,717,737 |
| Over the time | | 620,032,549 | 271,395,977 |
| | | 625,196,134 | 277,113,714 |
| 19.2 Local sales and services | | | |
| Sale of goods | | 6,041,394 | 6,711,935 |
| Less: Sales tax | | (877,809) | (994,198) |
| | | 5,163,585 | 5,717,737 |
| Services rendered | | 116,398,318 | 27,889,397 |
| Less: Sales tax | | (8,549,401) | (3,846,813) |
| | | 107,848,917 | 24,042,584 |
| Fee for technical services - Avanceon Limited | | 27,840,000 | 27,840,000 |
| Less: Sales tax | | (3,840,000) | (3,840,000) |
| | | 24,000,000 | 24,000,000 |
| AMS business services - Avanceon Limited | | 47,576,833 | 76,068,983 |
| Less: Sales tax | | (6,562,322) | (10,492,274) |
| | | 41,014,511 | 65,576,709 |
| Net sales | | 178,027,013 | 119,337,030 |
| 19.2.1 Export sales | | | |
| Avanceon FZE | | 144,866,888 | 99,768,257 |
| Avanceon Automation And Control W.L.L. | | 302,302,234 | 58,008,427 |
| | | 447,169,122 | 157,776,684 |

19.3 This includes an amount of Nil (2020: Rs 121.01 million and Rs 65.58 million) against transfer of margin on account of AMS business from foreign and local operations respectively.

| | 2021 (Rupees) | 2020 (Rupees) |
|-------------------------------|------------------|------------------|
| 19.4 Contract balances | | |
| Trade receivables | 665,462,136 | 281,397,143 |
| Contract assets | 66,742,421 | 14,118,457 |
| Contract liabilities | 17,539,369 | 4,128,904 |

19.5 Corresponding figures have been reclassified for the purpose of better presentation as follows:

| Description | Reclassified to | Reclassified from | 2020 |
|-------------|--------------------------|----------------------|------------|
| Revenue | Local sales and services | Transfer of business | 17,888,691 |
| Revenue | Export sales | Transfer of business | 36,770,930 |

Performance Obligation

Sale of goods

The performance obligation is satisfied upon delivery of goods and payment is generally due within 30 days from delivery.

Services

The performance obligation is satisfied over-time and payment is generally due within 30 days of the end of term period. In some contracts, short-term advances are required before the technical and engineering services are provided.

Project revenue

The performance obligation is satisfied over-time and payment is generally due within 30 days from reaching a milestone as per contract and acceptance of the customer. In some contracts, short-term advances are required before the services are provided under the contract.

As at year end, the transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) amounted to Rs. 615.256 million (2020: Rs. 394.311 million) and the Company expects to recognize this as revenue when the milestones are achieved in future or when the services are rendered.

Contract assets and liabilities mainly arise from the projects as the Company recognizes revenue using cost to complete method while the respective customers are billed when a milestone is achieved as agreed in the contract.

| | Note | 2021 (Rupees) | (Restated) 2020 (Rupees) |
|--|-------|------------------|--------------------------------|
| 20. COST OF REVENUE | | | |
| Materials consumed | | 38,150,614 | 3,482,917 |
| Salaries, wages, allowances and other benefits | 20.1 | 3,695,563 | 1,628,842 |
| Telephone, postage and telex | | 1,178,615 | 63,214 |
| Travelling and conveyance relating to engineering services | | 26,671,797 | 1,731,912 |
| Printing and stationery expense | | - | 11,278 |
| Installation charges relating to engineering services | | 52,375,992 | 469,243 |
| Back office support | 21.3 | 25,000,000 | - |
| Entertainment relating to engineering services | | 506,047 | 67,306 |
| Fee and subscription | | 2,994,289 | - |
| Rent, rates and taxes | | 328,000 | 84,000 |
| Depreciation on Property and equipment | 6.1.1 | 557,911 | 175,000 |
| Other expenses | | 522,748 | 40,180 |
| | | 151,981,576 | 7,753,892 |

20.1 These include contribution to provident fund amounting to Rs. 184,268 (2020: Rs.141,652) by the Company.

Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2021

| | Note | 2021 (Rupees) | (Restated) 2020 (Rupees) |
|--|-------|------------------|--------------------------------|
| 21. ADMINISTRATIVE AND SELLING EXPENSES | | | |
| Salaries, wages, allowances and other benefits | 21.1 | 21,091,523 | 9,230,106 |
| Telephone, postage and telex | | 1,178,615 | 63,214 |
| Rent, rates and taxes | | 180,000 | 84,000 |
| Sales promotion expense | | 3,174,468 | - |
| Printing and stationery expense | | - | 11,278 |
| Travelling and conveyance | | 3,126,369 | 887,555 |
| Legal and professional charges | | 1,013,829 | 746,613 |
| Auditors' remuneration | 21.2 | 1,312,500 | 500,000 |
| Fee and subscription | | 5,136,438 | 3,600,535 |
| Depreciation on property and equipment | 6.1.1 | 557,911 | 175,000 |
| Bank charges | | 109,786 | 37,276 |
| Entertainment | | - | 47,306 |
| Allowance for expected credit losses - trade debts | 9.2.2 | 593,833 | - |
| Allowance for expected credit losses - contract assets | 10.2 | 3,100,614 | - |
| Allowance for expected credit losses - related parties | 9.1.4 | 58,068,864 | - |
| Other expense | | 258,672 | - |
| Back office support | 21.3 | 25,000,000 | - |
| | | 123,903,422 | 15,382,883 |

21.1 This include Rs. 1,044,183 (2020: Rs. 802,695) representing provident fund contribution by the Company.

| | 2021 (Rupees) | (Restated) 2020 (Rupees) |
|------------------------------------|------------------|--------------------------------|
| 21.2 Auditor's remuneration | | |
| Statutory audit | 1,050,000 | 500,000 |
| Certification and review | 210,000 | - |
| Out of pocket expenses | 52,500 | - |
| | 1,312,500 | 500,000 |

21.3 This represents the management fee charged by the Holding Company Rs. 25,000,000 (2020: Nil) for sharing office premises, operational, human resource and administrative support as per the agreement between the parties.

| | 2021 (Rupees) | 2020 (Rupees) |
|-------------------------------------|------------------|------------------|
| 22. OTHER OPERATING INCOME | | |
| Exchange gain | 7,835,945 | - |
| Profit on TDR | 3,307,415 | - |
| | 11,143,360 | - |
| 23. OTHER OPERATING EXPENSES | | |
| Exchange loss | - | 216,718 |

| | Note | 2021 (Rupees) | (Restated) 2020 (Rupees) |
|---|------|------------------|--------------------------------|
| 24. TAXATION | | | |
| Current tax | | | |
| - for the year | 24.1 | 17,136,036 | 34,018,735 |
| Deferred tax | | | |
| - for the year | | (2,632,402) | - |
| | | 14,503,634 | 34,018,735 |
| 24.1 Relationship between tax expenses and accounting profit | | | |
| Profit before tax | | 360,454,496 | 239,306,888 |
| Adjustment for non-deductible expenses: | | | |
| Excess on allowable depreciation | | 17,711,215 | (12,557,819) |
| Income chargeable under final tax regime | | (319,076,207) | (121,005,754) |
| Other adjustments | | - | 11,562,669 |
| | | 59,089,504 | 117,305,984 |
| Applicable income tax rate | | 29% | 29% |
| Current tax | | 17,135,957 | 34,018,735 |

25. EARNINGS PER SHARE

25.1 Basic earnings per share from continuing operations

| | | 2021 | 2020 |
|--|---------|-------------|-------------------------|
| Net profit for the year | Rupees | 345,950,862 | 219,741,486 |
| Weighted average number of ordinary shares | Numbers | 136,750,002 | Restated 109,400,002 |
| Earnings per share | Rupees | 2.53 | 2.01 |

25.2 Diluted earnings per share from continuing operations

Diluted earnings per share is calculated by adjusting weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

| | | 2021 | 2020 |
|--|---------|-------------|-------------------------|
| Net profit for the year | Rupees | 345,950,862 | 219,741,486 |
| Weighted average number of ordinary shares | Numbers | 136,750,002 | Restated 109,400,002 |
| Adjustment for share options | Numbers | - | - |
| Weighted average number of ordinary shares for diluted earnings per share | Numbers | 136,750,002 | 109,400,002 |
| Diluted earnings per share | Rupees | 2.53 | 2.01 |

No such shares have been issued that have a dilute effect on the earning per share.

Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2021

26. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the Chief Executive, Directors and Executives of the Company is as follows:

| | Executives | | Directors | | Chief Executive | |
|-------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2021 (Rupees) | 2020 (Rupees) | 2021 (Rupees) | 2020 (Rupees) | 2021 (Rupees) | 2020 (Rupees) |
| Managerial remuneration | 4,583,134 | 3,544,710 | 3,508,768 | - | - | - |
| House Rent | 1,752,405 | 1,417,884 | 1,350,198 | - | - | - |
| Utilities | 438,101 | 354,471 | 337,550 | - | - | - |
| Provident Fund | 451,576 | 354,471 | 346,434 | - | - | - |
| Other | 37,700 | 23,100 | 7,800 | - | - | - |
| | 7,262,916 | 5,694,636 | 5,550,750 | - | - | - |
| Number of Persons | 2 | 2 | 1 | 2 | 1 | 1 |

27. RELATED PARTY TRANSACTIONS

Related party transactions represent transactions with holding companies and associated companies on the basis of common directorship. The Company carries out transactions with its related parties in the normal course of business. Significant related party transactions, other than remuneration of directors which is disclosed in Note 23, are as follows:

| Name of related party | Basis of Relationship | Nature of transactions | 2021 (Rupees) | 2020 (Rupees) |
|--|---|--|------------------|------------------|
| Avanceon FZE (AVZE) | Associated Company due to common directorship | Sub-contracted services | 88,033,913 | 16,460,547 |
| | | AMS business services rendered | 48,514,983 | 79,457,874 |
| | | Expenses incurred on behalf of the Company | 23,351,351 | 2,872,492 |
| | | Payments to suppliers by AVFZE | 16,273,139 | - |
| | | Collection / adjustment from AVFZE | 2,829,190 | - |
| | | Payments to suppliers by ODL | 28,433 | - |
| | | Exchange loss | - | 327,722 |
| Avanceon Automation and Control WLL (AVAC) | Associated Company due to common directorship | AMS business services rendered | 241,093,356 | 41,547,880 |
| | | Sub-contracted services | 56,352,622 | 20,310,383 |
| | | Payment to employees by AVAC | 29,914,816 | - |
| | | Payments to suppliers by AVAC | 16,722,112 | - |
| Avanceon Limited (AVL) | Holding Company | Funds transferred by the Company | 446,400,000 | 6,000,000 |
| | | Funds received by the Company | 258,403,574 | 1,130,082 |
| | | Payment to Suppliers by AVN | 63,165,448 | 37,244,649 |
| | | Salaries payment to employees by AVN | 51,305,073 | - |
| | | Back office Support | 50,000,000 | - |
| | | AMS business services rendered | 41,014,511 | 65,576,709 |
| | | Project deferred cost | - | 11,991,898 |
| | | Fee for technical service charged by the Company | 24,000,000 | 27,840,000 |
| | | Sub-contracted services | 22,242,409 | 20,750,882 |
| | | Payments to employees by AVN | 4,896,427 | - |

27.1 Name of undertaking, registered address and country of incorporation in respect of companies incorporated outside Pakistan with whom the Company has entered into transactions during the year is as follows:

| Name of Company | Registered address | County of incorporation |
|-------------------------------------|--|-------------------------|
| Avanceon FZE | FZS 1BD04 Jebel Ali Free Zone Dubai UAE, PO BOX 18590 | Dubai |
| Avanceon Automation And Control WLL | Al Jaber Engg. HO Building Box: 15976, Fox Hills, Lusail, Doha - Qatar | Qatar |

28. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

28.1 Financial risk factors

The Company's principal financial liabilities comprises of creditors and other liabilities. The Company's financial assets include trade debts, due from related parties, cash and bank balances that arrive directly from its operations. In addition to these, the Company also has receivables from related parties.

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

Risk management is carried out by the Board of Directors (the Board), and Finance Department. The Board provides principles for overall risk management, as well as policies covering specific areas such as credit risk, liquidity risk, market risk and interest rate risk.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react to changes in market conditions and the Company's activities.

28.1.1 Credit Risk

28.1.1.1 Exposure to credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties. The Company does not believe it is exposed to major concentration of credit risk, however, to manage any possible exposure the Company applies approved credit limits to its customers.

The management monitors and limits Company's exposure to credit risk through monitoring of client's credit exposure review and conservative estimates of allowance for expected credit losses, if any, and through expected recoverability of amounts. The Company is exposed to credit risk on long term deposits, trade debts and bank balance. The maximum exposure to credit risk at the reporting date is:

| | 2021 (Rupees) | 2020 (Rupees) |
|--------------------------------|------------------|------------------|
| Long term loans and deposits | 100,000 | - |
| Contract asset | 66,742,421 | 14,118,457 |
| Trade debts - others | 12,286,444 | 9,452,869 |
| Trade debts - related party | 711,838,389 | 271,944,274 |
| Deposits and other receivables | 1,536,986 | - |
| Short-term investment | 300,000,000 | - |
| Bank balances | 598,889,321 | 434,006 |
| | 1,691,393,561 | 295,949,606 |

The maximum exposure to credit risk for trade debts at the reporting date by geographical region is as follows:

| | 2021 (Rupees) | 2020 (Rupees) |
|----------|------------------|------------------|
| Domestic | 11,692,611 | 281,397,143 |
| Export | 593,833 | - |
| | 12,286,444 | 281,397,143 |

Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2021

Set out below is the information about the credit risk exposure on the Company's local trade receivables assets using a provision matrix:

| 2021 | | | | | | | |
|--|-----------|-------------|--------------|-----------------|-----------------|-----------------|------------|
| | 0-90 days | 90-180 days | 180-270 days | 270 to 360 days | 360 to 450 days | 450 to 540 days | Total |
| Rupees | | | | | | | |
| Expected credit loss rate (%) | 0% | 15.97% | 39.07% | 70.08% | 100% | 100% | |
| Estimated total gross carrying amount at default | 5,957,531 | 937,293 | 1,369,387 | 912,233 | 1,639,223 | 1,470,777 | 12,286,444 |
| Estimated total gross carrying amount - secured | - | 432,225 | - | 255,881 | 278,849 | - | 966,955 |
| Expected credit loss | 180,825 | 58,544 | 112,601 | 88,403 | 79,427 | 74,033 | 593,833 |

| 2020 | | | | | | | |
|--|-----------|-------------|--------------|-----------------|-----------------|-----------------|-------|
| | 0-90 days | 90-180 days | 180-270 days | 270 to 360 days | 360 to 450 days | 450 to 540 days | Total |
| Rupees | | | | | | | |
| Expected credit loss rate (%) | 0% | 0% | 0% | 0% | 0% | 0% | |
| Estimated total gross carrying amount at default | - | - | - | - | - | - | - |
| Estimated total gross carrying amount - secured | - | - | - | - | - | - | - |
| Expected credit loss | - | - | - | - | - | - | - |

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The Company believes that it is not exposed to major concentration of credit risk as the trade debts / advances and other receivables of the Company relate to sales / purchase of equipment / services under binding contract terms.

As at 31 December 2021, the Company has 4 (2020: Nil) customers owing more than Rs. 1 million (2020: Nil) each which account for 77% (2020: Nil) of total debtors.

28.1.1.2 Bank balances - Credit quality

Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. The Company deals with banks having credit ratings in the top categories therefore, considers these as low risk and does not expect credit loss to arise on the balances. Following are the credit ratings of banks with which balances are held:

The credit quality of receivables can be assessed with reference to Company credit control policy and their historical performance with negligible default rate. The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

| Counter party | Rating | Long term | Agency | 2021 (Rupees) | 2020 (Rupees) |
|---------------------|--------|-----------|---------|------------------|------------------|
| JS Bank Limited | A1+ | AA- | PACRA | 150,735,914 | 434,006 |
| Faysal Bank Limited | A-1+ | AA | JCR-VIS | 121,216,804 | - |
| Dubai Islamic Bank | A-1+ | AA | JCR-VIS | 101,936,603 | - |
| MCB Islamic Bank | A1+ | AAA | PACRA | 225,000,000 | - |
| | | | | 598,889,321 | 434,006 |

28.1.2 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

i) 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. The foreign currency transaction of the Company are mainly receivable from related parties.

This exists due to the Company's exposure resulting from outstanding import payments or foreign creditors and in respect of export revenue. A foreign exchange risk management guideline has been provided by the Corporate Center. The policy allows the Company to take currency exposure within predefined limits while open exposures are monitored. The Company aims to protect itself against adverse currency movements by either linking the price of its products to foreign currency.

The Company is exposed to currency risk arising primarily with respect to the United States Dollar (USD), United Arab Emirates Dirham (AED) and Qatari Riyal (QAR). The Company's exposure to foreign currency changes for all other currencies is not material. Currently, the Company's foreign exchange risk exposure is restricted to foreign currency creditors, debtors and bank balances as shown below:

| | 2021 | |
|--|--------------------|------------------|
| | Rupees | USD |
| Trade debts | | |
| - Avanceon FZE Dubai | 153,432,204 | 862,560 |
| - Avanceon Automation and Control W.L.L, Qatar | 343,027,426 | 1,928,420 |
| - Others | | |
| EUR | - | - |
| USD | 1,642,907 | 9,236 |
| | 498,102,537 | 2,800,216 |
| Trade Payables | | |
| - Others | | |
| USD | (481,698) | (2,708) |
| Net Exposures | 497,620,839 | 2,797,508 |

| | 2020 | |
|--|--------------------|----------------|
| | Rupees | USD |
| Trade debts | | |
| - Avanceon FZE Dubai | 95,918,421 | 598,630 |
| - Avanceon Automation and Control W.L.L, Qatar | 61,858,262 | 386,059 |
| - Others | | |
| USD | 331,930 | 2,072 |
| | 158,108,613 | 986,761 |
| Trade Payables | | |
| - Others | | |
| USD | (1,120,922) | (6,996) |
| Net Exposures | 156,987,691 | 979,765 |

The following significant exchange rates were applied during the year:

| | 2021 | 2020 |
|---------------------|--------|--------|
| Rupees per USD | | |
| Average rate | 163.70 | 157.67 |
| Reporting date rate | 177.88 | 160.23 |

Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2021

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity to a reasonable possible change in the US Dollar, Arab Emirates Dirham, Qatari Riyal and Euro exchange rate, with all other variables held constant, of the Company's profit before tax and equity.

| | Change in Exchange rate | Effect on profit/(loss) before tax | Effect on equity |
|------|-------------------------------|--|---------------------|
| | | (Rupees) | |
| 2021 | 5% | 24,881,036 | 17,665,536 |
| | -5% | (24,881,036) | (17,665,536) |
| 2020 | 5% | 7,849,387 | 5,573,065 |
| | -5% | (7,849,387) | (5,573,065) |

ii) Other price risk

Other price risk is a risk that fair value or future cash flows of a financial instruments will fluctuate because of changes in the market prices (other than those arising from currency risk and interest rate risk), whether those changes are caused by specific to the individual financial instruments or its issuer, or factors effecting all similar instruments traded in the market.

As at 31 December 2021, the Company is not exposed to any significant price risk. (2020: Nil)

iii) 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's interest rate risk arises from lease liabilities and liabilities against finances under mark-up arrangements. These liabilities are benchmarked to variable rates which expose the Company to cash flow interest rate risk.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was as follows:

| Floating rate instruments | 2021 (Rupees) | 2020 (Rupees) |
|---------------------------|------------------|------------------|
| Financial assets | | |
| Short-term investment | 300,000,000 | - |

Cash flow sensitivity analysis

The following table demonstrates the sensitivity to a reasonable possible change in interest rates on floating rate borrowings and balances, with all other variables held constant, of the Company's profit before tax:

| | Increase/ decrease in basis points | Effect on profit/(loss) before tax | Effect on equity |
|------|--|--|---------------------|
| | | (Rupees) | |
| 2021 | +100 | 3,000,000 | 2,130,000 |
| | -100 | (3,000,000) | (2,130,000) |
| 2020 | +100 | - | - |
| | -100 | - | - |

28.1.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credits facilities.

Financial liabilities in accordance with their contractual maturities are presented below:

| | Total | On demand | Within 1 year | Between 1 and 5 years | Over 5 years |
|-------------------------------|------------|-----------|---------------|-----------------------|--------------|
| | (Rupees) | | | | |
| As at 31 December 2021 | | | | | |
| Trade and other payables | 39,846,175 | - | 39,846,175 | - | - |
| As at 31 December 2020 | | | | | |
| Trade and other payables | 36,703,921 | - | 36,703,921 | - | - |

28.1.4 Financial instruments by category

| | 2021 | | | |
|---|---------------------------|--------------------------------------|-------------------|--|
| | At fair value through OCI | At fair value through profit or loss | At amortized cost | Total |
| | (Rupees) | | | |
| Financial assets | | | | |
| Debt instruments at amortized cost | | | | |
| Long term loans, deposits and other receivables | - | - | 100,000 | 100,000 |
| Trade debts | - | - | 665,462,136 | 665,462,136 |
| Cash and bank balances | - | - | 598,889,321 | 598,889,321 |
| Equity instruments at fair value through profit and loss | | | | |
| Short term investment | - | - | 300,000,000 | 300,000,000 |
| Total financial assets | - | - | 1,564,451,457 | 1,564,451,457 |
| | | | | 2021 |
| | | | | Financial liabilities at amortized cost |
| | | | | (Rupees) |
| Financial liabilities | | | | |
| Creditors, accrued and other liabilities | | | | 39,846,175 |
| | | | | 2020 |
| | At fair value through OCI | At fair value through profit or loss | At amortized cost | Total |
| | (Rupees) | | | |
| Financial assets | | | | |
| Debt instruments at amortized cost | | | | |
| Trade debts | - | - | 281,397,143 | 281,397,143 |
| Cash and bank balances | - | - | 434,006 | 434,006 |
| Total financial assets | - | - | 281,831,149 | 281,831,149 |
| | | | | 2020 |
| | | | | Financial liabilities at amortized cost |
| | | | | (Rupees) |
| Financial liabilities | | | | |
| Creditors, accrued and other liabilities | | | | 36,703,921 |

Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2021

29. FAIR VALUE MEASUREMENT

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

29.1 Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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.

30. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company manages its capital structure and makes adjustments to in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares or sell assets to reduce debt. The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Company finances its operations through equity, and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. Consistent with others in the industry and the requirements of the lenders the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings including current and non-current borrowings less cash and bank balances.

Gearing ratio is not calculated as there is Nil borrowings of Company as at 31 December 2021.

Reconciliation of movement of liabilities to cash flows arising from financing activities

| | 2021 | | |
|--|--------------------|---------------|---------------|
| | Issuance of shares | Share premium | Total |
| | (Rupees) | | |
| Balance as at 01 January 2021 | 1,094,000,020 | - | 1,094,000,020 |
| Cash flows | | | |
| Issuance of shares | 273,500,000 | 789,209,284 | 1,062,709,284 |
| Total changes from financing cash flows | 273,500,000 | 789,209,284 | 1,062,709,284 |
| Other changes including non-cash | | | |
| Shares issuance against transfer of business | - | - | - |
| Total liability related other changes | - | - | - |
| Closing as at 31 December 2021 | 1,367,500,020 | 789,209,284 | 2,156,709,304 |

| | | 2020 | |
|--|-----------------------|------------------------------|---------------|
| | Issuance of shares | Share premium (Rupees) | Total |
| Balance as at 01 January 2020 | 10,000,020 | - | 10,000,020 |
| Cash flows | | | |
| Issuance of shares | - | - | - |
| Total changes from financing cash flows | - | - | - |
| Other changes including non-cash | | | |
| Shares issuance against transfer of business | 1,084,000,000 | - | 1,084,000,000 |
| Total liability related other changes | 1,084,000,000 | - | 1,084,000,000 |
| Closing as at 31 December 2020 | 1,094,000,020 | - | 1,094,000,020 |

31. NUMBER OF EMPLOYEES

| | 2021 | 2020 |
|---------------------------------|------|------|
| Number of employees at year end | 27 | 21 |
| Average number of employees | 34 | 20 |

32. CORRESPONDING FIGURES

Corresponding figures have been re-arranged or reclassified wherever necessary, for better and fair presentation. No significant re-arrangement or reclassification has been made during the year except as disclosed in note 9.5 and 19.4.

33. UTILIZATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING (IPO)

As explained in note 1.2, the Company raised funds through Initial Public Offering (IPO) to meet working capital requirements, in order to expand the existing business of the Company. Below is the summary of utilization proceeds from IPO:


| | Rupees |
|--|---------------|
| Issuance of 27,350,000 ordinary shares at Rs. 40.6 per share | 1,110,410,000 |
| Less: Expenses related to IPO* | (47,700,716) |
| Net proceeds received from IPO | 1,062,709,284 |
| Less: Expenditures incurred on intellectual property | (51,721,562) |
| Less: Expenditures incurred on human resource cost of marketing | (3,174,468) |
| Less: Expenditures incurred on human resource and direct cost of sales | (111,243,688) |
| Balance amount | 896,569,566 |

34. DATE OF AUTHORIZATION


These financial statements have been authorized for issue by the Board of Directors of the Company on 28 March, 2022.



Chief Executive



Chief Financial Officer



Director

Definitions and Glossary of Terms

Capital employed

The value of all resources available to the company, typically comprising share capital, retained profits and reserves, long-term loans and deferred taxation. Viewed from the other side of the balance sheet, capital employed comprises fixed assets, investments and the net investment in working capital (current assets less current liabilities). In other words: the total long-term funds invested in or lent to the business and used by it in carrying out its operations.

Liabilities

General term for what the business owes. Liabilities are long-term loans of the type used to finance the business and short-term debts or money owing as a result of trading activities to date. Long term liabilities, along with Share Capital and Reserves make up one side of the balance sheet equation showing where the money came from. The other side of the balance sheet will show Current Liabilities along with various Assets, showing where the money is now.

Current Liabilities

Money owed by the business that is generally due for payment within 12 months of balance sheet date. Examples: creditors, current portion of long term loans and lease liabilities, taxation etc.

Current Assets

Cash and anything that is expected to be converted into cash within twelve months of the balance sheet date.

Fixed assets

Assets held for use by the business rather than for sale or conversion into cash, eg, fixtures and fittings, equipment, buildings.

Cost of goods sold (COGS)

The directly attributable costs of products or services sold, (like materials, installations, direct labour & wages etc.)

Gross Profit Ratio

The relationship of the gross profit made for a specified period and the sales or turnover achieved during that period.

Net Profit Ratio

Net profit ratio is the ratio of net profit (after taxes) to net sales or revenue.

Operating Profit Ratio

The operating profit margin ratio indicates how much profit a company makes after paying for variable costs of production.

Current Asset Ratio

The key indicator of whether you can pay your creditors on time. The relationship between current assets like cash, book debts, stock and work in progress and current liabilities like overdraft, trade and expense creditors and other current debt.

Current Ratio

A company's current assets divided by its current liabilities. This ratio gives you a sense of a company's ability to meet short-term liabilities, and is a measure of financial strength in the short term. A ratio of 1 implies adequate current assets to cover current liabilities: the higher above 1, the better.

Debt-Equity Ratio

The ratio of a company's liabilities to its equity. The higher the level of debt, the more important it is for a company to have positive earnings and steady cash flow. For comparative purposes, debt-equity ratio is most useful for companies within the same industry.

Dividend

A dividend is a payment made per share, to a company's shareholders by a company, based on the profits of the year, but not necessarily all of the profits, arrived at by the directors and voted at the company's annual general meeting.

Earnings per Share (EPS)

The portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serve as an indicator of a company's profitability.

Profit Margin

Determined by dividing net income by net sales during a time period and is expressed as a percentage. Net profit margin is a measure of efficiency and the higher the margin, the better. Trends in margin can be attributed to rising/falling production costs or rising/falling price of the goods sold.

Return on Assets

The amount of profits earned (before interest and taxes), expressed as a percentage of total assets. This is a widely followed measure of profitability, thus the higher the number the better. As long as a company's ROA exceeds its interest rate on borrowing, it's said to have positive financial leverage.

Return on Equity (ROE)

A percentage that indicates how well common stockholders' invested money is being used. The percentage is the result of dividing net earnings by common stockholders' equity. The ROE is used for measuring growth and profitability. You can compare a company's ROE to the ROE of its industry to determine how a company is doing compared to its competition.

Return on Investment (ROI)

Also known as return on invested capital (ROIC). ROI is a measure of how well management has used the company's resources. ROI is calculated by dividing earnings by total assets. It is a broader measure than return on equity (ROE) because assets include debt as well as equity. It is useful to compare a company's ROI with others in the same industry.

Event Calendar of the Company

FOLLOWS THE PERIOD OF 05 OCTOBER 2021 TO 31 DECEMBER 2021.

FINANCIALS:

Financial Results announced as per the following schedule:

| | |
|--|-----------------------|
| 3rd Quarter ended 30 September 2021 | 29th October 2021 |
| Corporate Briefing | 08th December 2021 |
| Extraordinary General Meeting | 16th December 2021 |
| Financial year ending 31 December 2021 | 28th March April 2022 |

حصص یافتگان کے اجلاس میں شرکت کیلئے۔

۱۔ انفرادی فرد کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور یا وہ جسکی سیورٹی گروپ اکاؤنٹ میں جمع ہے انکی رجسٹریشن کی تفصیل قوانین کے مطابق لف ہوں، اجلاس میں شرکت کیلئے شناخت کی تصدیق اپنا شناختی کارڈ یا پاسپورٹ سے کروائیں۔

۲۔ حصص یافتگان جو کہ CDC میں رجسٹر ہیں ان سے درخواست کی جاتی ہے کہ وہ اپنا آئی ڈی نمبر اور اکاؤنٹ نمبر جو کہ CDC میں ہے، مہیا کریں۔

۳۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹران اپنے ٹرسٹیز کی قرارداد اختیار نامہ بعد نامزد کیے گئے شخص کے دستخط نمونہ پیش کریں۔

پراکسی کی تقرری کیلئے:-

۱۔ انفرادی فرد کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور یا وہ جسکی سیورٹی گروپ اکاؤنٹ میں ہوں اور انکی رجسٹریشن کی تفصیلات قوانین کے مطابق جمع کروائی گئی ہوں، پراکسی فارم مکمل اور صحیح طور پر تصدیق شدہ ہو جمع کروانا ہونگے۔

۲۔ پراکسی فارم پر دو اشخاص گواہ ہونے چاہئیں جنکے نام، پتہ جات، شناختی کارڈ نمبر پراکسی فارم پر لکھے ہوں۔

۳۔ حصص یافتگان اور پراکسی کے درست شناختی کارڈ یا فائدہ مند مالکان کے پاسپورٹ کی تصدیق شدہ کاپیاں پراکسی فارم کے ساتھ مہیا کریں۔

۴۔ پراکسی اپنا شناختی کارڈ یا پاسپورٹ اجلاس کے وقت یا آن لائن رجسٹریشن کے وقت پیش کرے۔

۵۔ کارپوریٹ شناخت کی صورت میں مختار عام بورڈ آف ڈائریکٹران کارپوزیشن نامزد کیے گئے شخص کے دستخط نمونہ جات کے ساتھ اجلاس کے وقت یا آن لائن رجسٹریشن کے وقت پیش کرے۔

احسن خلیل (کمپنی سیکرٹری)

OCTOPUS
DIGITAL

آکٹوپس ڈیجیٹل لمیٹڈ نوٹس برائے سالانہ پانچواں اجلاس عام

اطلاع دی جاتی ہے کہ آکٹوپس ڈیجیٹل لمیٹڈ "کمپنی" کا سالانہ پانچواں اجلاس عام مورخہ 28 اپریل 2022ء بروز جمعرات سہ پہر 3:30 بجے، ایونٹون بلڈنگ، 19- گلومسٹر، مین ملتان روڈ، لاہور سے بذریعہ ویڈیو لنک مندرجہ ذیل کاروباری امور کو انجام دینے کیلئے منعقد ہوگا۔

تمام حصص یافتگان کو اطلاع دی جاتی ہے کہ COVID-19 کی وجہ سے کمپنی کے سیفٹی ڈیپارٹمنٹ کے SOPs نے تمام اندرونی اور بیرونی محفلوں اور تفریحی سرگرمیوں پر پابندی لگا رکھی ہے، اور موجودہ رمضان کے مقدس مہینے میں نماز کے اوقات کی پابندیاں ہیں، لہذا سالانہ اجلاس عام صرف بذریعہ ویڈیو لنک منعقد کیا جائے گا۔

A۔ عمومی کاروباری امور:-

- 1- تفصیلات کی منظوری (Minutes of the Meeting) جو کہ غیر معمولی اجلاس عام مورخہ 09 فروری 2022ء کو منعقد ہوا تھا۔
 - 2- 31 دسمبر 2021ء کو ختم ہونے والے کمپنی کے مالی سال کے آڈٹ شدہ مالیاتی گوشوارے، ڈائریکٹران، آڈیٹر اور چیئرمین کا جائزہ کی رپورٹس وصول کرنا اور انہیں اختیار کرنا۔
 - 3- کمپنی کے آڈیٹر کو مقرر کرنا اور اس کا معاوضہ طے کرنا حصص یافتگان کو اطلاع دی جاتی ہے کہ کمپنی کی بورڈ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹران نے ریٹائر ہونے والے آڈیٹر، EY Ford Rhodes، Chartered Accountants جو کہ دوبارہ تفری کے لیے اہل ہیں، کا نام آئندہ مالی سال 31 دسمبر 2022ء کیلئے کمپنی کے آڈیٹر کی تقرری کیلئے تجویز کیا ہے۔
- B۔ کوئی بھی اضافی امور جو کہ چیئرمین کی اجازت سے ہونگے۔**

انجمن بورڈ:- احسن خلیل (کمپنی سیکرٹری) لاہور مورخہ 07 اپریل 2022ء

ویب لنک برائے آن لائن میٹنگ بذریعہ "ZOOM"

سیکرٹری اینڈ ایگزیکٹو کمیشن آف پاکستان (SECP) کے سرکل نمبر 4 بتاریخ 15 فروری 2021ء کے تحت سالانہ اجلاس کی کاروائی صرف بذریعہ "ZOOM" آن لائن ہوگی۔

میٹنگ کی براہ راست کاروائی میں شرکت کیلئے حصص یافتگان سے گزارش ہے کہ وہ نیچے دیئے گئے لنک کو کلک کریں:

https://us02web.zoom.us/webinar/register/WN_v602wRpzQmaQsvEMSdPIg

میٹنگ میں شرکت کیلئے درج ذیل لنک سے مکمل رہنمائی حاصل کر سکتے ہیں <https://octopusdtl.com/investor-relations/>

"ZOOM" کے ذریعے میٹنگ میں شرکت کرنے والے حصص یافتگان کو یہ سہولت دی جاتی ہے کہ وہ درج ذیل لنک، ای میل یا پوسٹل ایڈریس پر اپنے متعلقہ سوالات (تیسرے) اتحاد یا اپنے نام اور فون نمبر ساتھ بھیجیں۔

پوسٹل ایڈریس: کارپوریٹ آفیسر آکٹوپس ڈیجیٹل لمیٹڈ، 19- گلومسٹر، مین ملتان روڈ، لاہور۔ Email: ahsan.khalil@octopusdtl.com

SECP کے نوٹیفکیشن 787(1)/2014 مورخہ 8 ستمبر 2014ء کے تحت، آڈٹ شدہ مالیاتی گوشوارے اور سالانہ جنرل میٹنگ کے نوٹس کو ای میل کے ذریعے بھیجنے کی اجازت دی گئی ہے کمپنی کی سالانہ رپورٹ ان حصص یافتگان کو ای میل کے ذریعے بھیجی جائے گی جن کے ای میل CDC اور شیئر رجسٹر کے ریکارڈز میں موجود ہیں۔ حصص یافتگان کی حوصلہ افزائی کی جاتی ہے کہ وہ اپنے ای میل کو مذکور بالا لنک یا ای میل یا پوسٹل ایڈریس پر بھیجیں۔ سالانہ رپورٹ کمپنی کی ویب سائٹ <https://octopusdtl.com/> پر بھی لوڈ کی گئی ہے اور حصص یافتگان تک آسانی سے قابل رسائی ہے۔

حاشیات:-

- (1) کمپنی کے حصص کی منتقلی کی کتب مورخہ 21 اپریل 2022ء سے 28 اپریل 2022ء (شمول دونوں دن) بند رہیں گی جس دوران تدوین کیلئے کسی بھی حصص کی منتقلی کی درخواستیں جو درست حالت میں کمپنی کے شیئر رجسٹر کے دفتر فیکو ایسوسی ایشن پرائیویٹ لمیٹڈ، 8- ایف، نزد ہوٹل فاران نرسری بلاک نمبر 6، PECHS، شاہراہ فیصل، کراچی، مورخہ 20 اپریل 2022ء کو دفتری اوقات ختم ہونے سے قبل موصول ہوگئی۔ ان کو سالانہ اجلاس عام میں شرکت اور حق رائے دہی استعمال کرنے کے استحقاق کے تعین کیلئے بروقت شمار کیا جائے گا۔
- (2) سالانہ اجلاس عام میں شمولیت، بولنے اور حق رائے دہی استعمال کرنے کے مستحق ہر حصص یافتگان کو یہ حق حاصل ہے کہ وہ شرکت بولنے اور حق رائے دہی استعمال کرنے کیلئے اپنی جگہ کسی پراکسی (نمائندہ) کو مقرر کرے اور ایسے پراکسی کو اجلاس میں شرکت، بولنے اور حق رائے دہی استعمال کرنے کی نسبت سے وہی اختیارات حاصل ہونگے جو کہ بذات خود کمپنی کے حصص یافتگان کو حاصل ہوتے ہیں۔ پراکسی مقرر کرنے کیلئے بر لحاظ سے درست اور باقاعدہ مہر شدہ اور دستخط شدہ پراکسی فارم اجلاس سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں موصول ہونا ضروری ہے۔ پراکسی کا بذات خود کمپنی کے حصص یافتگان میں سے ہونا ضروری نہیں۔
- (3) حصص یافتگان کیلئے ضروری ہے کہ وہ بروقت اپنے پیسے میں تبدیلی فیکو ایسوسی ایشن پرائیویٹ لمیٹڈ، 8- ایف، نزد ہوٹل فاران نرسری بلاک نمبر 6، PECHS، شاہراہ فیصل، کراچی، کمپنی کے شیئر رجسٹر اور مطلع کردہ ہیں۔

(Corporate Governance Practice) کارپوریٹ گورننس کے امور
آکٹوپس ڈیجیٹل لمیٹڈ کا بورڈ آف ڈائریکٹرز کمپنی کے اصول و ضوابط کا پابند ہے
اور کمپنیز ایکٹ 2017 میں شامل کوڈ آف کارپوریٹ گورننس کے تقاضوں کی
تعمیل کرتا ہے۔

:- (Acknowledgement) اعتراف کرنا

بورڈ آف ڈائریکٹرز بڑے پر مسرت طریقے سے اپنے تمام ملازمین
کی مسلسل لگن کے ساتھ خدمات کو سراہتا ہے۔

منجانب

بورڈ آف ڈائریکٹرز



اشمار احمد عاطف

چیف ایگزیکٹو آفیسر



تنویر کرامت

ڈائریکٹر

لاہور

28 مارچ 2022

ڈائریکٹر ز رپورٹ

سرمایہ کی صورت حال کی حکمت عملی (Liquidity Strategy)۔

بڑھتی ہوئی کاروباری مالی ضروریات اور کارپوریٹ ڈیوڈنڈ پالیسی کی کیش ضروریات کو پورا کرنے کے لیے کمپنی نے مالی سال 2021 میں ایک لیکویڈٹی سٹریٹیجی پالیسی کی منظوری دی ہے۔ انتظامیہ پر امید ہے کہ مالی سال 2022 میں اس پالیسی کے اہداف مکمل کر لئے جائیں گے۔

مستقبل کی کاروباری منصوبہ بندی (Future Prospects)۔

منظور شدہ کارپوریٹ پلان کے مطابق کمپنی نے کامیابی کے ساتھ مالی سال 2021 کی چوتھی سہ ماہی میں آئی پی او کے ذریعے 27 ملین شیئرز جزل پبلک کو افر کیے۔

اس پبلک آفر میں کمپنی نے PSX میں تاریخ کا سب سے بڑا 27 گنا سبسکریپشن ریکارڈ بنایا جو کہ کمپنی کے بزنس پلان میں قابل ذکر انفرادی سرمایہ کاروں کے اعتماد کو ظاہر کرتا ہے جس کے لیے بورڈ آف ڈائریکٹر اور ایڈمنسٹریٹو گروپ اپنے تمام سرمایہ کار حضرات PSX اور SECP کا بے حد مشکور ہے۔ اس پبلک آفر سے حاصل کردہ فنڈز کو خاص طور پر متحدہ عرب امارات، سعودی عرب، قطر، عمان، نائیجیریا اور امریکہ میں کمپنی کے کارپوریٹ پلان اور جغرافیائی توسیع میں مددگار ثابت ہو گا۔

معاشرے کی خدمت (Service to Society)۔

کاروباری معاشرے کی بہت ہی فعال اور ذمہ دار کمپنی ہونے کے ناطے سے ہم وعدہ کرتے ہیں اور یقین رکھتے ہیں کہ ہم اس معاشرے کی بہتری کیلئے ضرور کچھ بہتر ادا کریں گے۔ جیسا کہ تعلیم، صحت، عامہ عوام کی حفاظت اور ماحولیاتی اچھائی میں اہم معاملات میں مالی معاونت اور مدد کر سکیں۔

ہمیں اس بات کو بخوبی سمجھتے ہیں کہ تمام کاروباری اکائیاں اگر مل جل کر کام کریں گی تو وہ بہتر طریقے سے معاملات کو سمجھتے ہوئے معاشرے کی بہتری میں اہم کردار ادا کر سکتے ہیں کیونکہ یہ تمام کاروباری ادارے اسی معاشرے کا حصہ ہیں۔

صحت، حفاظت اور ماحولیات (Health, Safety & Environment)۔

آکٹوپس ڈیجیٹل لیڈ انہائی سنجیدگی کے ساتھ صحت کے معاملات کی دیکھ بھال اور حفاظتی معاملات کے رجحانات کے مطابق کام کی جگہوں اور دفاتر کے اندر صحت کے معاملات اور ماحولیات کو یقینی بناتی ہے۔ ہم وعدہ کرتے ہیں کہ صحت، حفاظتی اور اس سے متعلقہ دیگر امور جو کہ کاروباری سرگرمیوں کے ساتھ منسلک ہیں ان میں بہتری لائیں گے اور آگ لگنے کے خدشات، حادثات یا اس سے ہونے والے نقصانات (جو ملازمین یا مہمانوں پر ہو سکتے ہیں) کا سد باب کریں گے۔

ہم یہ بھی یقین دلاتے ہیں کہ ہم مصنوعات کی ترسیل کے دوران تمام حفاظتی معیار اور قانونی تقاضوں کو یقینی بنائیں گے۔

پچھلے سالانہ اجلاس میں اٹھائے گئے معاملات

(Issues Raised in Last AGM)

مالی سال 2021ء کے سالانہ اجلاس عام میں کوئی بھی خاص معاملہ نہیں اٹھایا گیا تھا۔

لیجنڈ نمبر 1 تیسرے سالانہ اجلاس عام کی تفصیلات کی تصدیق کی اور منظور ی دی۔

لیجنڈ نمبر 2 ممبران نے اکاؤنٹس جو کہ مالی سال 31 دسمبر 2020 پر مشتمل ہیں کی تصدیق کی اور منظور ی دی۔

لیجنڈ نمبر 3 سات ڈائریکٹر صاحبان کا انتخاب کیا گیا جو 08 جون 2021 سے اگلے تین سالوں کے لیے منتخب ہوئے۔

لیجنڈ نمبر 4 ممبران نے موجودہ آڈیٹر (EY Ford Rhodes, Chartered Accountants) کو اگلے مالی سال 2021 کے لیے دوبارہ منتخب کیا۔

مندرجہ بالا لیجنڈے تفصیل کے ساتھ زیر بحث آئے ان کو منظور کیا گیا اور سوال و جواب کا تفصیلی مرحلہ منعقد کیا گیا جس میں چند ممبران نے کمپنی کے کاروباری معاملات مستقبل کی منصوبہ بندی اور انتظامی امور کے بارے میں سوالات کئے۔ کمپنی ڈائریکٹر جناب تنویر کرامت اور چیف فنانشل آفیسر جناب سعید اللہ خان نیازی نے سوالوں کے جوابات دیے اور کمپنی کے کاروباری معاملات آئوٹیشن کے کاروبار کے بارے میں آگاہی دی۔ کمپنی کے مستقبل کی مالیاتی منصوبہ بندی، کاروبار کی بڑھوتری اور نئے انڈسٹریل پلانٹس کے بارے میں بھی تبادلہ خیال کیا گیا۔

بورڈ آف ڈائریکٹرز کے معاوضے

(Board of Directors Remuneration)

کمپنی کا بورڈ آف ڈائریکٹر پانچ نان ایگزیکٹو ڈائریکٹرز اور دو ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔ ایگزیکٹو ڈائریکٹرز کو کمپنی کی ہیومن ریسورس کے منظور شدہ قواعد و ضوابط کے مطابق تنخواہیں اور دیگر مراعات دی جاتی ہیں جو کہ ان کی کارکردگی کی بنیاد پر ہیومن ریسورس ریمونریشن کمیٹی کی سفارش پر بورڈ آف ڈائریکٹر منظور کرتے ہیں۔ اسکے علاوہ ماسوائے ایک انڈیپنڈنٹ ڈائریکٹر کے کسی اور ڈائریکٹر کو کوئی بھی رقم میٹنگ میں حاضری کیلئے نہیں دی جاتی۔

اپنے مشترکہ کاروباری اداروں کے ساتھ لین دین

(Transaction with Related Party)

کمپنی مروجہ کاروباری قواعد و ضوابط کے مطابق اپنے مشترکہ کاروباری اداروں اور Arms Length Pricing کے ساتھ کاروباری لین دین کرتی ہے جو کہ جو کہ پاکستان اسٹاک Transfer Pricing پر مشتمل ہے۔ کمپنی Mechanism اسٹیجنگ کی لسٹنگ کے قواعد و ضوابط کے مطابق سرانجام دیتی ہے۔

افسران کی طرف سے حصص کی خرید و فروخت

(Shares Traded by Executives):

اس سال کے دوران جن افسران نے کمپنی (آکٹوپس ڈیجیٹل لمیٹڈ) کے حصص میں خرید و فروخت کی ہے ان کی تفصیل درج ذیل ہے۔

| کمپنی کا نام | افسر کا نام | مہدہ | خرید یا فروخت | قیمت خریدی | رقم | ٹاپ | تاریخ لین دین | بچ کر دینے کی تاریخ |
|---------------------|------------------------|------|---------------|------------|-------|---------|---------------|---------------------|
| آکٹوپس ڈیجیٹل لمیٹڈ | جناب محمد شہاب میر | خرید | خرید | 5,000 | 72.5 | ی ڈی سی | 20/10/2021 | 21/10/2021 |
| آکٹوپس ڈیجیٹل لمیٹڈ | جناب بختیار حمید وائیں | خرید | خرید | 1,500 | 73.86 | ی ڈی سی | 20/10/2021 | 21/10/2021 |
| آکٹوپس ڈیجیٹل لمیٹڈ | جناب تنویر کرامت | خرید | خرید | 8,500 | 74.00 | ی ڈی سی | 20/10/2021 | 21/10/2021 |
| آکٹوپس ڈیجیٹل لمیٹڈ | جناب جنید مشتاق پراچہ | خرید | خرید | 5,000 | 68.63 | ی ڈی سی | 21/10/2021 | 25/10/2021 |
| آکٹوپس ڈیجیٹل لمیٹڈ | جناب عدیل خالد | خرید | خرید | 5,000 | 68.81 | ی ڈی سی | 21/10/2021 | 25/10/2021 |
| آکٹوپس ڈیجیٹل لمیٹڈ | محترمہ صافہ آصف | خرید | خرید | 1,000 | 67.82 | ی ڈی سی | 25/10/2021 | 21/10/2021 |
| آکٹوپس ڈیجیٹل لمیٹڈ | جناب بختیار حمید وائیں | خرید | خرید | 2,000 | 68.83 | ی ڈی سی | 25/10/2021 | 21/10/2021 |
| آکٹوپس ڈیجیٹل لمیٹڈ | جناب جنید مشتاق پراچہ | خرید | خرید | 2,000 | 67.90 | ی ڈی سی | 25/10/2021 | 21/10/2021 |

بورڈ آڈٹ کمیٹی

(Composition of Board Audit Committee):

| | | | |
|---|------------------------|----------|---|
| 1 | جناب محمد شہاب میر | چیئر مین | انڈیپنڈنٹ ڈائریکٹر۔ نان ایگزیکٹو ڈائریکٹر |
| 2 | جناب بختیار حمید وائیں | ممبر | نان ایگزیکٹو ڈائریکٹر |
| 3 | جناب تنویر کرامت | ممبر | نان ایگزیکٹو ڈائریکٹر |
| 4 | جناب جنید مشتاق پراچہ | ممبر | نان ایگزیکٹو ڈائریکٹر |

ہیومن ریسورس اور ایچ آر کمیٹی

(Composition of Human Resource & HR Committee):

| | | | |
|---|------------------------|----------|---|
| 1 | محترمہ صافہ آصف | چیئر مین | انڈیپنڈنٹ ڈائریکٹر۔ نان ایگزیکٹو ڈائریکٹر |
| 2 | جناب محمد شہاب میر | ممبر | انڈیپنڈنٹ ڈائریکٹر۔ نان ایگزیکٹو ڈائریکٹر |
| 3 | جناب بختیار حمید وائیں | ممبر | نان ایگزیکٹو ڈائریکٹر |
| 4 | جناب تنویر کرامت | ممبر | نان ایگزیکٹو ڈائریکٹر |
| 5 | جناب جنید مشتاق پراچہ | ممبر | نان ایگزیکٹو ڈائریکٹر |

بورڈ آف ڈائریکٹرز (Board of Directors):

بورڈ سات ڈائریکٹرز پر مشتمل ہے۔ جن میں چھ مرد اور ایک خاتون ڈائریکٹر شامل ہے جن کی تفصیل درج ذیل ہے۔

| | | |
|---|------------------------|---|
| 1 | جناب بختیار حمید وائیں | چیئر مین۔ نان ایگزیکٹو ڈائریکٹر |
| 2 | جناب انثار احمد عاطف | چیف ایگزیکٹو آفیسر۔ ایگزیکٹو ڈائریکٹر |
| 3 | جناب تنویر کرامت | نان ایگزیکٹو ڈائریکٹر |
| 4 | جناب محمد شہاب میر | انڈیپنڈنٹ ڈائریکٹر۔ نان ایگزیکٹو ڈائریکٹر |
| 5 | جناب جنید مشتاق پراچہ | نان ایگزیکٹو ڈائریکٹر |
| 6 | جناب عدیل خالد | ایگزیکٹو ڈائریکٹر |
| 7 | محترمہ صافہ آصف | انڈیپنڈنٹ ڈائریکٹر۔ نان ایگزیکٹو ڈائریکٹر |

مرد ڈائریکٹر: چھ (6)

خاتون ڈائریکٹر: ایک (1)

بورڈ آف ڈائریکٹرز کا اجلاس (Board of Directors's Meeting):

سال کے دوران بورڈ آف ڈائریکٹرز کی چار (4) بورڈ کی میٹنگز منعقد ہوئیں (تمام پاکستان میں منعقد کی گئیں) مندرجہ ذیل عزت مآب ممبران نے شمولیت اختیار کی:-

| نمبر شمار | ڈائریکٹر کا نام | تعداد حاضری | تعداد چھٹی |
|-----------|------------------------|-------------|------------|
| 1 | جناب بختیار حمید وائیں | 1 | 0 |
| 2 | جناب انثار احمد عاطف | 1 | 0 |
| 3 | جناب تنویر کرامت | 1 | 0 |
| 4 | جناب محمد شہاب میر | 1 | 0 |
| 5 | جناب جنید مشتاق پراچہ | 1 | 0 |
| 6 | جناب عدیل خالد | 1 | 0 |
| 7 | محترمہ صافہ آصف | 0 | 0 |

منصوبہ سرمایہ کاری (Capital Structure):

کمپنی ایک تیز کاروباری ادارہ نہیں ہے اور سرمایے کا توازن برقرار رکھتی ہے جو اس کی مالی طاقت اور بہترین لیکویڈٹی مینجمنٹ کا ثبوت ہے۔

عارضی سرمایے کے انتظامی امور

(Working Capital Management):

پچھلے پانچ سالہ موجودہ اثاثہ جات اور بہت ہی کم عرصے میں پیسے میں منتقل ہونے والے اثاثہ جات کو بہتر کیا جو کہ کمپنی کی بہتر ہوتی ہوئی سرمایہ کی صورت حال اور لمبے عرصے کیلئے سرمایہ کے حصول کے تعلقات جو کہ کمپنی کی روزمرہ کی کاروباری صورت حال کیلئے ضروری ہیں، کمپنی اپنے روزمرہ کی کاروباری ضروریات کیلئے عارضی سرمایہ کے حصول کو بہت ہی بہتر طریقے سے بحال رکھے ہوئے ہے۔ جو کہ ہمارے خریداروں کے آرڈر ز کو مکمل کرنے کیلئے بہت ضروری ہے۔ ہم نے اپنے خریداروں سے ایک متعین عرصے کے اندر پیسے کی وصولی کو یقینی بنایا، کمپنی بہت بہتر طریقے سے عارضی سرمایہ کی ضروریات کو سامنے رکھتے ہوئے بہت ہی سمجھداری سے اور انتہائی نظم و ضبط کے ساتھ اپنے تمام چھوٹے عرصے کے قرضوں کو ایک خاص حد سے زیادہ بڑھنے نہیں دیا۔ اور اپنی ضروریات کیلئے سرمایہ کے حصول کو اپنے ذرائع سے اہتمام کیا تاکہ سود کے خرچے کو کم سے کم رکھا جاسکے۔ سال 2018ء میں کمپنی نے درمیانے درجے کے دو قرضے لیے تاکہ کمپنی اپنے دو بڑے منصوبے جو کہ متحدہ عرب امارات اور پاکستان میں ہیں کو مکمل کر سکے۔ کمپنی کو انتہائی امید ہے کہ وہ اپنے قرضوں کو 2016 کی پوزیشن کے برابر لے کر آئے گی۔ پاکستان میں موجودہ شرح سود میں کمی کی وجہ سے انتظامیہ یہ ہدف آسانی سے حاصل کر سکے گی۔

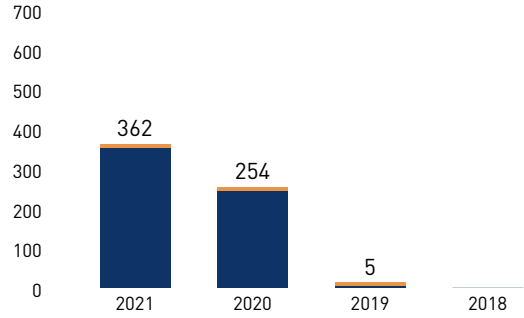
ڈائریکٹرز رپورٹ

مجموعی منافع:-

کمپنی کے مجموعی منافع 473 ملین روپے رہا جو کہ پچھلے سال کے مقابلے میں 76 فیصد ہے۔ ہم نے مالیاتی سال 2019 اور 2020 کے مقابلے میں مجموعی منافع انتہائی کامیابی اور احسن طریقے سے برقرار رکھا۔

EBITDA

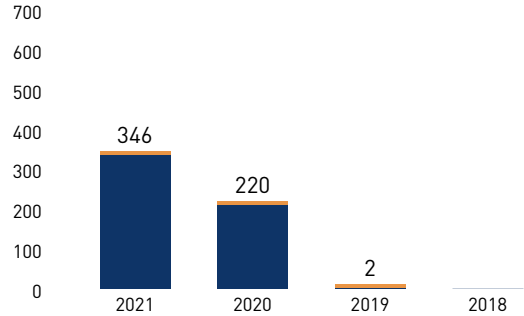
(Rupees in million)



منافع جات، سود، ٹیکس کٹوتی، فرسودگی اور کساد بازاری سے پہلے (EBITDA):-

PROFIT AFTER TAX

(Rupees in million)



منافع بعد از ٹیکس (Profit after Taxation):-

خالص منافع (بعد از ٹیکس کٹوتی) 346 ملین روپے جو کہ 57% اضافے کیساتھ انتہائی تسلی بخش ہے۔ کمپنی انتظامیہ بہت پر امید ہے کہ اس مجموعی آمدنی اور خالص منافع کے مارجن میں مالیاتی سال 2022 اور 2023 میں بہتر مثبت رجحان کو برقرار رکھے گی اور مزید اضافہ کرے گی۔ جو کہ مستقبل کے کاروباری معاہدوں اور موجودہ سرگرمیوں کی وجہ سے ممکن ہو سکے گا۔ انتظامیہ مالی سال 2022 کے منظور شدہ کارپوریٹ پلان کے مقررہ اہداف کو حاصل کرنے میں پر امید ہے۔

فی حصص آمدنی (Earning Per Share):-

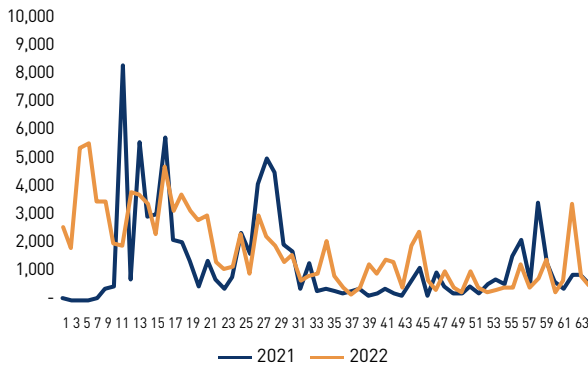
بنیادی کمائی فی کس شیئر بعد از ٹیکس کٹوتی مبلغ 2.53 روپے ہے جبکہ 2020 میں 2.01 روپے تھی۔
رقیق کمائی فی کس شیئر بعد از ٹیکس کٹوتی مبلغ 2.53 روپے ہے جبکہ 2020 میں 2.01 روپے تھی۔

ڈیویڈنڈ نہ دینے کی وجہ:-

کمپنی کے پاس مالی سال 2021 کے آخر میں کافی نقد کیش بیلنس موجود ہے جو کہ بنیادی طور پر شیئرز کے اجراء کے ذریعے حاصل کیا گیا جسے کمپنی پلان کے مطابق دانشورانہ ملکیت، مارکیٹنگ اور ہیومن ریسورس کی ترقی کے براہ راست اخراجات پر خرچ کرنے کا ارادہ رکھتی ہے
مذکورہ سرگرمیوں سے پیدا ہونے والا کاروبار کمپنی کی آمدنی میں حصہ ڈالے گا جس سے مستقبل میں ڈیویڈنڈ کی ادائیگی کے واضح اور مثبت امکانات ہوں گے۔

حصص کا رجحان (Stock Liquidity):-

STOCK LIQUIDITY



حصص مالکان کا پیٹرن (Pattern of Shareholding):-

حصص مالکان کا پیٹرن صفحہ نمبر 62 پر ملاحظہ فرمائیں

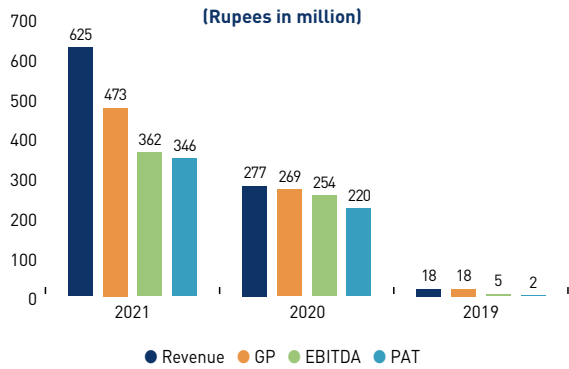
ڈائریکٹر ز رپورٹ

رپورٹ:-

کمپنی کی کارکردگی انتہائی اطمینان بخش اور رجحان ترقی کی طرف رہا ہے جو کہ آرڈر جرنیشن، آمدن، منافع بعد از ٹیکس، منافع مع ٹیکس، دیگر آمدن، مقررہ اخراجات پر کنٹرول کے لحاظ سے کمپنی کے پانچ سالہ متوقع منصوبہ کے مطابق لیکویڈٹی کا بہترین نظام اور تمام مالیاتی وعدوں کی بروقت ادائیگی کی وجہ سے ہے۔

کاروباری نتائج (Operating Result Standalone):-

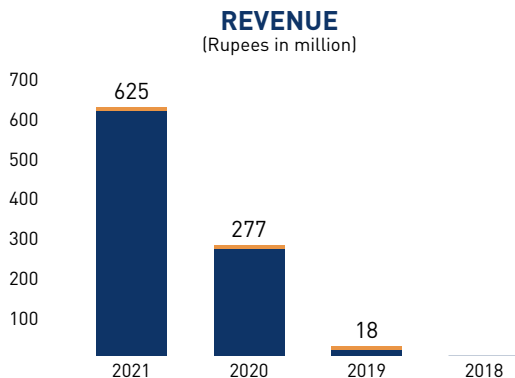
| موازنہ فیصد | موازنہ | 2020 | 2021 | |
|-------------|---------|---------|---------|-------------------|
| 126% | 348,082 | 277,114 | 625,196 | آمدن |
| 42% | 106,694 | 253,760 | 360,455 | منافع قبل از ٹیکس |
| 57% | 126,209 | 219,742 | 345,951 | منافع بعد از ٹیکس |



مالیاتی کارکردگی:-

آمدن

کمپنی کی آمدنی 625 ملین روپے رہی جو کہ پچھلے سال کے مقابلے میں 126 فیصد اضافی ہے۔ ہم نے مالیاتی سال 2019 اور 2020 کے مقابلے میں بہترین اور عمدہ متوقع بڑھوتری کا مشاہدہ کیا۔



آکٹوپس ڈیجیٹل لمیٹڈ کے ڈائریکٹر ز انتہائی پر مسرت طریقے سے کمپنی کے آڈٹ کیے گئے اکاؤنٹس (آڈیٹر کی رپورٹ کے ساتھ) جو کہ مالی سال 31 دسمبر 2021 پر مشتمل ہیں پیش کرتے ہیں۔ پیش کردہ تمام مالیاتی اعداد و شمار اس سے متعلقہ گوشوارے اور تفصیلی نوٹس کمپنی کی انتظامیہ نے بین الاقوامی اصول و ضوابط کے تحت تیار کر لیے ہیں جو کہ مندرجہ ذیل ہیں:-

انہوں نے کمپنی کے روز مرہ کاروباری اور کیش کے معاملات اور بنیادی سرمائے کی تبدیلی کے تمام معاملات کو منصفانہ اور بلا جھجک بیان کیا ہے۔ اصول و ضوابط کے مطابق مکمل حساب کتاب کا ریکارڈ محفوظ رکھا جا رہا ہے۔ مناسب حساب کی پالیسیاں اختیار کی گئی ہیں جو کہ ان مالیاتی گوشواروں کی تیار ی میں لاگو کی گئی ہیں جو کہ حساب کتاب کے مناسب اصول و ضوابط اور دانشمندی پر مبنی ہیں۔

تمام مالیاتی گوشواروں کی تیاری میں کمپنیز ایکٹ 2017 اور بین الاقوامی اکاؤنٹنگ کے اصول و ضوابط (جن کا اطلاق پاکستان میں بھی ہے) اور بیان کرنے کے ضابطوں کو مد نظر رکھا گیا اور تمام اعداد و شمار کو احسن طریقے سے مکمل کرتے ہوئے بلا جھجک بیان کیا گیا ہے۔

کمپنی میں اندرونی معاملات کو چلانے اور اس کی جانچ پڑتال کا اصولی، جامع اور مضبوط نظام موجود ہے جسے نہایت عمدہ اور موثر انداز میں لاگو کیا اور چلایا جا رہا ہے۔

کمپنی کو اپنی قابلیت اسی طرح جاری رکھنے پر کوئی شک و شبہ نہیں ہے۔ تمام سرکاری واجبات ڈیوٹیز، ٹیکسز اور ان قوانین میں تبدیلی کی وجہ سے جو بھی رقم بنی وہ اچھے طریقے سے کمپنی کی کاروباری معاملات میں بیان کی گئی ہے۔

یہ ڈائریکٹر ز کی رپورٹ کمپنیز آرڈیننس کے تحت تیار کی گئی ہے، جو کہ پانچویں سالانہ اجلاس عام پر ممبران کو بھجوائی جائے گی، جو کہ بروز بدھ 28 مئی 2022 کو سہ پہر 3:30 بجے آن لائن پلیٹ فارم (زوم ویڈیو لنک) کے ذریعہ کمپنی کے ریجنل آپریشن سنٹر 19 کلو میٹر ملتان روڈ لاہور پنجاب، پاکستان میں منعقد ہوگی۔

کمپنی:-

کمپنی کے کاروبار کی بنیادی لائن انفارمیشن ٹیکنالوجی (آئی ٹی) سے چلنے والی خدمات کے کاروبار کو جاری رکھنا ہے۔ جس میں آن لائن ڈیٹا سٹوریج، آن لائن ڈیٹا انفارمیشن جائزہ اور ملازمین کی کارکردگی، لاگت اور پیداواری کارکردگی کی نگرانی شامل ہے۔ لیکن یہ خدمات یہاں تک محدود نہیں جبکہ پلانٹ کی دیکھ بھال، متعلقہ سافٹ ویئر کے آلات کی تجارت، فروخت اور ان کی نگرانی بھی شامل ہے۔

پراکسی کی تقرری کے لیے:-

۱۔ انفرادی فرد کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور زیادہ افراد جس کی سیکورٹی گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات قوانین کے مطابق جمع کروائی گئی ہوں، پراکسی فارم مکمل اور صحیح طور پر تصدیق شدہ ہو جمع کروانا ہوں گے۔

۲۔ پراکسی فارم پر دو اشخاص گواہ ہونے چاہئیں جن کے نام، پتہ، جات، شناختی کارڈ نمبر پراکسی فارم پر لکھے ہوں۔

۳۔ حصص یافتگان اور پراکسی کے درست شناختی کارڈ یا فائدہ مند مالکان کے پاسپورٹ کی تصدیق شدہ کاپیاں پراکسی فارم کے ساتھ مہیا کریں۔

۴۔ پراکسی اپنا شناختی کارڈ یا پاسپورٹ اجلاس کے وقت یا آن لائن رجسٹریشن کے وقت پیش کرے۔

۵۔ کارپوریٹ شناخت کی صورت میں مختار عام بورڈ آف ڈائریکٹران کا ریزولوشن نامزد کیے گئے شخص کے دستخط نمونہ جات کے ساتھ اجلاس کے وقت یا آن لائن رجسٹریشن کے وقت پیش کرے۔

احسن خلیل

کمپنی سیکرٹری

حالت میں کمپنی کے شیئر رجسٹرار کے دفتر فیمکو ایسوسی ایٹس پرائیویٹ لمیٹڈ۔ ایف، نزد ہوٹل فاران نرسری بلاک نمبر 6 PECHS شاہراہ فیصل، کراچی مورخہ 20 اپریل 2022 کو دفتری سوقات ختم ہونے سے قبل موصول ہوں گی۔ ان کو سالانہ اجلاس عام میں شرکت اور حق رائے دہی استعمال کرنے کے استحقاق کے تعین کے لیے بروقت شمار کیا جائے گا۔

۲۔ سالانہ اجلاس عام میں شمولیت، بولنے اور حق رائے دہی استعمال کرنے کے مستحق ہر حصص یافتگان کو یہ حق حاصل ہے کہ وہ شرکت بولنے اور حق رائے دہی استعمال کرنے کے لیے اپنی جگہ کسی کو پراکسی (نمائندہ) مقرر کرے اور ایسے پراکسی کو کسی اجلاس میں شرکت، بولنے اور حق رائے دہی استعمال کرنے کی نسبت سے وہی اختیارات حاصل ہوں گے جو کہ بذات خود کمپنی کے حصص یافتگان کو حاصل ہوتے ہیں۔ پراکسی مقرر کرنے کے لیے ہر لحاظ سے درست اور باقاعدہ مہر شدہ اور دستخط شدہ پراکسی فارم اجلاس سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں موصول ہونا ضروری ہے۔ پراکسی کا بذات خود کمپنی کے حصص یافتگان میں سے ہونا ضروری نہیں۔

۳۔ حصص یافتگان کے لیے ضروری ہے کہ وہ بروقت اپنے پتہ میں تبدیلی فیمکو ایسوسی ایٹس پرائیویٹ لمیٹڈ 8 ایف، نزد ہوٹل فاران نرسری بلاک نمبر 6 PECHS شاہراہ فیصل، کراچی کمپنی کے شیئر رجسٹرار کو مطلع کرے۔

حصص یافتگان کے اجلاس میں شرکت کے لیے:-

۱۔ انفرادی فرد کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور یا وہ جس کی سیکورٹی گروپ اکاؤنٹ میں جمع ہے ان کی رجسٹریشن کی تفصیل قوانین کے مطابق لف ہوں، اجلاس میں شرکت کے لیے شناخت کی تصدیق اپنا شناختی کارڈ یا پاسپورٹ سے کروائیں۔

۲۔ حصص یافتگان جو کہ CDC میں رجسٹر ہیں ان سے درخواست کی جاتی ہے کہ وہ اپنا آئی ڈی اور اکاؤنٹ نمبر جو کہ CDC میں ہے، مہیا کریں۔

۳۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹران اپنے ٹرولیز کی قرارداد / مختار نامہ بمعہ نامزد کیے شخص کے دستخط نمونہ پیش کریں۔

Octopus Digital Limited

نوٹس برائے سالانہ پانچواں اجلاس عام

ویب لنک برائے آن لائن میٹنگ بذریعہ "ZOOM"

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے سرکلر نمبر 4 بتاریخ 15 فروری کے تحت سالانہ اجلاس کی کارروائی "ZOOM" آن لائن ہو گی۔ میٹنگ کی براہ راست کارروائی میں شرکت کے لیے حصص یافتگان سے گزارش ہے کہ وہ نیچے دیئے گئے لنک کو کلک کریں۔

https://us02web.zoom.us/join/register/WN_v602wRpzQmaQsvEMSmDPIg

میٹنگ میں شرکت کے لیے درج ذیل لنک سے مکمل راہنمائی حاصل کر سکتے ہیں۔

<https://octopusdtl.com/investor-relations/>

"ZOOM" کے ذریعے میٹنگ میں شرکت کرنے والے حصص یافتگان کو یہ سہولت دی جاتی ہے کہ وہ درج ذیل لنک، ای میل یا پوسٹل ایڈریس پر اپنے متعلقہ سوالات، تبصرے اپنے نام اور فوٹو نمبر کے ساتھ بھیجیں۔

ایڈریس: کارپوریٹ آفیسر آکٹوپس ڈیجیٹل لمیٹڈ، 19 کلومیٹر، مین ملتان روڈ، لاہور

Email: ahsan.khalil@octopusdtl.com

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے نوٹیفیکیشن 787(1)2014

بتاریخ 08 ستمبر 2014 کے تحت آڈٹ شدہ مالیاتی گوشوارے اور سالانہ جنرل میٹنگ کے نوٹس کو ای میل کے ذریعے بھیجنے کی اجازت دی گئی ہے۔ کمپنی کی سالانہ رپورٹ ان حصص یافتگان کو ای میل کے ذریعے بھیجی جائے گی جن کے ای میل CDC اور شیئر رجسٹر کے ریکارڈ/ڈیٹابیس میں موجود ہیں۔ حصص یافتگان کی حوصلہ افزائی کی جاتی ہے کہ وہ اپنے ای میل کو مذکورہ بالا لنک یا ای میل یا پوسٹل ایڈریس پر بھیجیں۔

سالانہ رپورٹ کمپنی کی ویب سائٹ <https://octopusdtl.com/> پر بھی

اپلوڈ کی گئی ہے اور حصص یافتگان تک آسانی سے قابل رسائی ہے۔

حاشیات:-

1- کمپنی کے حصص کی منتقلی کی کتب 21 اپریل 2022 سے 28 اپریل 2022 (بشمول دونوں دن) بند رہیں گی۔ جس دوران تدوین کے لیے کسی بھی حصص کی منتقلی کی وہ درخواستیں جو درست

اطلاع دی جاتی ہے کہ آکٹوپس ڈیجیٹل کمپنی کا سالانہ پانچواں اجلاس عام مورخہ 28 اپریل 2022 بروز جمعرات سہ پہر 3:30 بجے ایونیون بلڈنگ -19 کلومیٹر، مین ملتان روڈ لاہور سے اور بذریعہ ویڈیولنک مندرجہ ذیل کاروباری امور کو انجام دینے کے لیے منعقد ہو گا۔

تمام حصص یافتگان کو اطلاع دی جاتی ہے کہ COVID-19 کی وجہ سے کمپنی کے سیفٹی ڈیپارٹمنٹ کے SOPs نے تمام اندرونی اور بیرونی محفلوں اور تفریحی سرگرمیوں پر پابندی لگا رکھی ہے اور موجودہ رمضان کے مقدس مہینے میں نماز کے اوقات کی پابندیاں ہیں۔ لہذا سالانہ اجلاس عام صرف بذریعہ ویڈیولنک منعقد کیا جائے گا۔

1- عمومی کاروباری امور:-

1- تفصیلات کی منظوری (Minutes of the Meeting) جو کہ غیر معمولی اجلاس عام مورخہ 9 فروری 2022 کو منعقد ہوا تھا۔

2- مورخہ 31 دسمبر 2021 کو ختم ہونے والے کمپنی کے مالی سال کے آڈٹ شدہ گوشوارے، ڈائریکٹران، آڈیٹرز چیئر مین کا رپورٹس وصول کرنا ان پر غور کرنا اور انہیں اختیار کرنا۔

3- کمپنی کے آڈیٹرز کو مقرر کرنا اور اس کا معاوضہ طے، حصص یافتگان کو اطلاع دی جاتی ہے کہ کمپنی کے بورڈ آف ڈائریکٹران نے ریٹائرڈ ہونے والے آڈیٹرز EY Ford Rhodes, Chartered Accountants جو کہ دوبارہ تقرری کے لیے اہل ہیں کا نام آئندہ مالی سال 31 دسمبر 2022 کے لیے کمپنی کے آڈیٹرز کی تقرری کے لیے تجویز کیا ہے۔

ب- کوئی بھی اضافی امور جو کہ چیئر مین کی اجازت سے ہوں گے۔

بحکم بورڈز:-

احسن خلیل، کمپنی سیکرٹری

لاہور مورخہ 07 اپریل 2022

پراکسی فارم نولس برائے سالانہ پانچواں اجلاس عام

میں / ہم _____
 ساکن _____ بطور آکٹوپس ڈیجیٹل لیمیٹڈ
 رکن و حامل _____ عام حصص بمطابق شیئرز رجسٹرڈ
 فوئیو نمبر _____ اور یاسی ڈی سی کے شرکائی آئی ڈی نمبر _____ اور
 ذیلی کھاتہ نمبر _____ ساکن _____ یا بصورت دیگر
 _____ ساکن _____ کو اپنی جگہ مورخہ 28 اپریل
 2022ء منعقد یا ملتوی ہونے والے سالانہ اجلاس عام میں رائے دہندگی کیلئے اپنا نمائندہ مقرر کرتا ہوں۔

دستخط بتاریخ _____ 2022ء

گواہان:-

1 دستخط: _____

نام: _____

پتہ: _____

قومی شناختی کارڈ یا پاسپورٹ نمبر: _____

2 دستخط: _____

نام: _____

پتہ: _____

قومی شناختی کارڈ یا پاسپورٹ نمبر: _____

براہ کرم پانچ روپے
 مالیت کے ریونیو ٹکٹ
 چسپاں کریں

دستخط

دستخط کمپنی میں درج نمونہ کے
 مطابق ہونے چاہئیں

نوٹ: پراکسیز کے موثر ہونے کیلئے لازم ہے کہ وہ اجلاس سے 48 گھنٹے قبل کمپنی کو موصول ہوں۔ نیابت دار کمپنی کا رکن ہونا ضروری نہیں ہے۔ سی ڈی سی کے حصص یافتگان اور ان کے نمائندوں سے التماس ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی پراکسی فارم کے ساتھ کمپنی میں جمع کروائیں۔



Form of Proxy

5th Annual General Meeting of Octopus Digital Limited

I/We _____
of _____
being a member of Octopus Digital Limited and holder of _____ ordinary shares
as per share Register Folio (Number of Shares) No. _____ and / or CDC
Participant ID No. _____ and Sub
Account No. _____ hereby appoint _____ of
_____ or
failing him _____ of _____ as
my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the company to be
held on the **28th day of April 2022** and at any adjournment thereof.

Signed this _____ day of _____ 2022

1) **Signature:** _____

Name : _____

Address : _____

CNIC or: _____

Passport : _____

Signature on Rs. 5/- Revenue Stamp

Signature

Signature should agree with the
specimen registered with the company

2) **Signature:** _____

Name : _____

Address : _____

3) **CNIC or:** _____

Passport : _____

Note:

Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the meeting. A Proxy need not be a member of the Company.

CDC Shareholders and their proxies are each requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.

