

MANAGEMENT DISCUSSION AND ANALYSIS

On behalf of the Management, It is indeed a great privilege for me to present to you the discussion and analysis for the year ended June 30, 2024.

The Management and Analysis have been prepared in compliance with Code no. 5 (XXV) of BSEC's Corporate Governance Code.

World Economy

Financial Year 2023-24 saw global geopolitics reaching a pivotal moment, with the tensions affecting international relations on every continent, uncertain bilateral relations have impacted the global economy and disrupted worldwide supply chains. The overall global business environment has been very challenging with high inflation and geopolitical tensions both with a continued Ukraine War and the recent Middle East China-Taiwan and the Red Sea conflicts in this fiscal year as well as the upcoming US presidential elections, have wide ranging impacts that could directly or indirectly affect global business environment. However, the global economy demonstrated resilience during 2023, placing itself on a path of recovery following the blows of the pandemic. Although the challenges such as disruption to energy and food markets owing to the war, tightened global monetary conditions to control inflation, withdrawal of fiscal support amid high debt, and extreme weather events continue to hinder global growth, the global economy continued to move slowly ahead in uneven terms and below the pre-pandemic levels. The global headline inflation improved during the year driven by the decline in food and energy prices in the first half of 2023. However, the core inflation remained above the expected parameters, indicating a tighter interest rate environment for a longer period. The commodity price shocks mainly driven by high energy prices largely contribute to the acceleration of core inflation. Alongside, the currency depreciation experienced during the period owing to the downward performance of the US dollar contributed to the weaker performance of economies. The impact of these economic stressors was more pronounced in low-income countries as opposed to advanced economies that demonstrated resilient consumption and investment despite tight labour market conditions. While the US economy remained stronger than the Euro area, many emerging markets also showcased resilience with upward progress, with China being a notable exception, as it continued to be affected by the headwinds of the real estate crisis and weakening confidence. There was also robust economic activity in countries with large travel and tourism sectors, such as Italy, Mexico, and Spain. These global developments offset a slowdown in more interest-rate-sensitive manufacturing sectors.

The global economic outlook has improved since January, with major economies avoiding a severe downturn. The world economy is now projected to grow by 2.7 percent in 2024, instead of 2.4 percent forecasted earlier, on the back of better than-expected performance of the United States economy and some improvement in the outlook for several large emerging economies. The modest gain in the growth momentum is partly offset by the downward revisions of the growth outlook for the European Union, Africa, and Western Asia. On balance, the near-term economic outlook is only cautiously optimistic as economic vulnerabilities remain, amid persistently high interest rates, continuing geopolitical tensions, and increasing climate risks.

Bangladesh Economy

Bangladesh's post pandemic recovery faces continued headwinds in FY24. Economic conditions worsened in FY23 as inflation increased and the balance of payments deficit widened. The introduction of a multiple exchange rate regime in September 2022 disincentivized foreign exchange inflows, leading to a financial account deficit. Foreign exchange

rationing measures were implemented to restrict imports, which resulted in shortages of key intermediate goods, capital goods, gas and energy.

Real GDP growth slowed to a 13 year low of 5.8 percent in FY23 the lowest excluding the pandemic year in FY20 due to a weakening of private consumption and investment which underpinned the contraction in the trade deficit as the decline in imports outweighed the slowdown in exports. Inflation dampened consumption growth, fueled by increased electricity and fuel prices, shortages stemming from import restrictions, and the depreciation of the taka. These factors combined with rising borrowing costs have resulted in weaker growth in the industrial sector. The erosion of consumer purchasing power has contributed to a slowdown in services growth as well. Industrial sector weakness continued in FY24, with a manufacturing-driven 3.7 percent decline in the index of industrial production (IIP) year-on-year.

The banking system continues to face tight liquidity conditions due to unsterilized BB foreign exchange sales and weak deposit growth. Private sector credit growth slowed further in FY24, reflecting a broader slowdown in investment. The nonperforming loan (NPL) ratio in the banking sector remains elevated, and even this elevated ratio understates banking sector stress due to lax definitions and reporting standards, forbearance measures, and weak regulatory enforcement.

The decline in foreign exchange reserves has moderated. The BoP deficit moderated during the first half of FY24 driven by a surplus in the current account. However, the financial account deficit has widened further. The interbank exchange rate was inadequate to clear the forex market, leading to a severe shortage of dollars. Continued interventions by BB in the forex market led to a depletion in official gross international reserves from US$ 24.8 billion to US$ 20.8 billion in the first eight months of FY24. The fiscal deficit moderated marginally to 4.4 percent of GDP in FY23 from 4.6 percent in FY22. Subdued revenue growth was offset by deferred capital investment and limited public sector wage growth. The public debt-to-GDP ratio increased to 35.0 percent but remained sustainable, with a low risk of debt distress.

Growth is expected to increase gradually over the medium-term as monetary, exchange rate, financial and structural reforms are implemented. Even though political uncertainty has diminished with a new cabinet taking oath after the national elections held in January 2024, downside risks to the outlook are significant. Inadequate progress in monetary and exchange rate reforms may result in a further decline in foreign exchange reserves and persistent inflationary pressure. Tighter liquidity conditions could exacerbate vulnerabilities in the banking sector. Fiscal risks include a revenue shortfall, potential financial sector fiscal liabilities, and deficit monetization.

Bangladesh's revenue as a share of GDP is currently 8.2 percent of GDP (FY23), among the lowest in the world and significantly below peers. Critical public investments in energy, transportation, municipal infrastructure, and human capital development are significantly constrained by the very low levels of government revenues. Reforms to increase domestic revenue generation will be critical for sustaining future economic growth.

ICT Sector

In Bangladesh, the landscape of broadband internet connectivity is evolving rapidly, with wired broadband services playing a pivotal role in shaping the digital ecosystem.However,amidsttheproliferationofmobile internet services, wired broadband faces unique challenges that require attention and strategic intervention to ensure its continued relevance and expansion. The deployment of wired broadband infrastructure, particularly fiber-optic networks, is hindered by logistical challenges, bureaucratic hurdles, and high upfront investment costs. As a result, many areas, especially rural and remote regions, lack access to wired broadband services.

Over the last two decades, Bangladesh has made significant strides in transforming its digital landscape. Policies supporting internet access, e-governance, and ICT education have helped lay the foundation for a more tech-savvy, digitally inclusive nation. With a rapidly growing ICT sector, the country has seen notable improvements in financial inclusion, digital healthcare, education, and e-commerce. Successful initiatives like mobile financial services (MFS), digitized government services (e-GP), and the growth of tech startups have contributed to Bangladesh's emergence as a rising player in the digital economy. In 2022, the government introduced the concept of "Smart Bangladesh." This time, the focus was on building a SMART country by 2041, with an emphasis on smart citizens, a smart economy, smart governance, and a smart society. Taka 65,000 crore was invested in Information and Communication Technology (ICT) Division and Posts and Telecommunications sectors from 2010 to 2024 but expected progress was not achieved. Even after that Bangladesh scored 62 out of 100 in the June, 2024 edition of the ICT Development Index of the United Nations International Telecommunication Union and Bangladesh's position was behind Myanmar, Sri Lanka, the Maldives, Vietnam and Bhutan. Bangladesh ranked 109th among 147 countries in internet speed of Ookla Speed test Global Index May, 2024, 113th in IMF's Artificial Intelligence Preparedness Index, June 2024 and 108th in broadband internet index while India, Sri Lanka, Bhutan, Rwanda, Ghana and Kenya also ranked ahead of Bangladesh.

"Digital Bangladesh" and "Smart Bangladesh" did see some success. Access to the internet increased significantly, and the digital divide between metro areas,

cities, and townships narrowed. Events like Digital World, Soft Expo, and Smart Phone Expo became regular occurrences, showcasing the industry's potential and progress. During this period, Bangladesh also saw a remarkable rise in freelancers. With over 10 lakh freelancers, the gig economy positively impacted self-employment, remittances, and overall economic empowerment. The start-up ecosystem flourished, entrepreneurship gained momentum, and venture capital became more accessible to young entrepreneurs.

While these initiatives contributed to some fragmented progress, they fell short of creating a clear and precise national brand. The "Smart Bangladesh" roadmap, in particular, was notably vague. The Smart Bangladesh Masterplan, available online, outlined a focus on artificial intelligence, machine learning, robotics, blockchain, nanotechnology, 3D printing, and other futuristic innovations. However, there was a clear disconnect between ambition and action. Most initiatives were centred around building infrastructure, whether civil constructions or technological. These expensive projects were not backed by any precise plan. For instance, Sheikh Hasina Software Technology Park in Jessore is a high-end, expensive, and lavish establishment aimed at attracting foreign direct investment in software development and supporting local programmers; unfortunately, the goals never materialized. Similar stories transpired for other software parks in Chattogram, Kaliakoir, Rajshahi, and beyond. The government declared 40 mega projects, aiming to increase the ICT sector's share of the national economy to at least 20 percent by 2041. Unfortunately, none of these initiatives managed to attract a notable volume of foreign investment. Despite the attention garnered by "Digital Bangladesh" and "Smart Bangladesh," neither concept effectively communicated a coherent and purposeful brand for Bangladesh to the outside world.

The startup funding landscape in Bangladesh has already been experiencing a significant downturn. In the first quarter of 2024, Bangladesh's startup sector secured only $7 million across four deals, according to the Bangladesh Startup Investment Report 2024 by LightCastle Partners. This illustrates a 70 percent quarter-on-quarter decline in funding, a substantial drop from the surge witnessed in the fourth quarter of 2023, it said. Startups in export destinations are cutting back their investments as they are not getting venture capital investments, thus slimming down their own IT teams as part of the cost-cutting measures. According to the Export Promotion Bureau (EPB), earnings of domestic IT firms stood at $221.15 million in July-November of 2023-24, down from $231.34 million in the identical period a year earlier. The taka has lost its value by about 30 percent against the American greenback in the past two years amid fast depletion of the foreign currency reserves, making imports costlier and exports cheaper in Bangladesh. According to EPB data, receipts from ITES exports, which cover data processing and web hosting, grew 2.76 percent year-on-year to $196.29 million in July-November. IT consultancy services plummeted 48.40 percent to $7.73 million. Installation, maintenance and repair of computerandperipheralequipmentserviceswitnessed a decline of 43.98 percent to $0.93 million.

Outlook

As Bangladesh transitions towards a new era of leadership, the future of digital transformation remains a critical priority, especially if we wish to position the country as a thought leader in our peer group. In recent years, the broadband internet market in Bangladesh has expanded rapidly, with 1.34 crore subscriptions as of May 2024, leading to the flourishing of a large number of service providers. Now, mobile network operators will be able to offer similar services. Mobile companies' aggressive promotion of internet services intensifies competition in the broadband market, posing a threat to wired broadband providers. Moreover, the aggressive promotion of mobile internet services by mobile companies adds another layer of complexity to the broadband landscape. The country's three private mobile network operators are racing to grab a share of the rapidly expanding broadband market by offering fixed wireless access (FWA) services, which give users Wi-Fi connections without cables. The moves are expected to spark fierce competition in the Tk 8,000 crore broadband internet market in Bangladesh. Competition will intensify not only among operators but also between network carriers and broadband internet operators. Furthermore, the 15.50 percent VAT and duty on essential internet equipment such as modems, Ethernet interface cards, computer network switches, hubs, routers, and server batteries besides, a confounding 37.5 percent VAT and duty on Optical Line Terminals (OLTs) are seen as a major barrier to broadband industry expansion. High tariffs on imports of information and communication technology (ICT) equipment, restrictions on imports of enabling services and limited competition in telecommunications services can reduce affordability and slow down the adoption of these technologies.

Operating and Financial Performance of the Company

The financial results of the Company for the year 2024 with a comparison of 2023 are summarized below:

(BDT in millions except per share data)

	2024	2023
Revenue	1,214.11	1,274.16
Gross profit	484.27	469.99
Operating profit	330.43	284.52
Profit before tax	247.53	234.96
Profit after tax	228.75	225.67
Earnings per Share (EPS)	02.46	02.43

Despite macroeconomic challenges throughout the year, we concentrate our efforts and investments on achieving the best possible results, diving deeper in areas where we believe we have a competitive advantage, defocusing on others, and scaling up to establish leadership positions.

aamra networks saw 4.71% decrease in top line revenue for the fiscal year 2023–2024 despite unprecedented challenges. The company reported a profit before tax from ongoing operations of BDT 247.58 for the year, up 5.37% from BDT 234.96 the previous year. The profit after tax from continuing operations in the fiscal year 2023–24 increased by 1.36% to BDT 228.75 million from BDT 225.67 million in the previous fiscal year. The gross profit increased by 3.04% in FY24 to BDT 484.27 from BDT 469.99 million in FY23

Five years data

Key operating and financial data of preceding 5 (five) years of the Company are the part of this report and have been summarized on 09 page of this Annual Report.

Particulars	FY(2023-2024)	FY(2022-2023)	FY(2021-2022)	FY(2020-2021)	FY(2019-2020)
	Taka	Taka	Taka	Taka	Taka
Fixed assets	2,418,607,862	1,516,791,924	1,474,318,063	1,346,148,787	1,135,085,914
Current Assets	1,323,481,007	1,147,988,865	1,077,808,272	1,181,266,291	1,134,480,380
Share Capital	929,799,120	619,866,080	590,348,650	562,236,810	562,236,810
Retained Earnings	1,360,771,137	1,200,207,161	1,033,665,939	980,648,844	916,480,090
Current Liabilities	447,647,891	418,178,936	493,797,999	583,201,017	381,177,244
Revenue	1,214,111,018	1,274,166,545	1,029,242,788	999,450,492	972,139,225
Gross Profit	484,273,095	469,989,115	360,224,603	349,616,515	391,644,792
Profit from Operation	330,432,199	284,523,457	193,683,993	182,063,473	222,448,171
Profit/(Loss) before Tax	247,576,546	234,959,788	119,762,083	131,264,680	195,565,823
Net Profit after Tax	228,749,245	225,668,919	109,294,103	120,392,435	179,445,118
Net cash flows from operating activities	252,859,441	382,333,961	502,326,721	291,829,924	243,502,140
Net cash flows from investing activities	(899,221,370)	(266,037,132)	(578,216,260)	(535,616,489)	(522,245,311)
Net cash flows from financing activities Dividend	645,233,887	(115,377,234)	78,700,833	239,122,885	264,361,950

Ratios:

Performance Measure	Indicator Name	FY(2023-2024)	FY(2022-2023)	Y(2021-2022)	FY(2020-2021)	FY(2019-2020)
Liquidity Ratio	Current Ratio	2.96	2.75	2.18	2.03	2.98
	Quick Ratio	2.30	2.13	1.64	1.39	2.05
	Time Interest Earned Ratio	4.50	4.43	2.75	3.96	11.98
	Debt to Equity Ratio	0.13	0.28	0.35	0.31	0.18
Operating Ratios	Account Receivable Turnover Ratio	2.36	3.15	2.95	2.75	2.80
	Inventory Turnover Ratio	2.65	3.05	2.08	1.79	1.67
	Assets Turnover Ratio	0.33	0.40	0.34	0.37	0.43
Profitability Ratios	Gross Margin Ratio	39.89%	36.89%	35.00%	34.98%	40.29%
	Operating Income Ratio	27.22%	22.33%	18.82%	18.22%	22.88%
	Net Income Ratio	18.84%	17.71%	10.62%	12.05%	18.46%
	Return on Assets Ratio	6.21%	7.10%	3.63%	4.45%	7.86%
	Return on Equity Ratio	6.65%	9.55%	5.04%	5.77%	8.88%
	EBITDA Margin	41.47%	38.36%	36.28%	36.10%	41.01%
Coverage Ratios	Debt to Total Assets Ratios	0.17	0.27	0.31	0.28	0.19
Cash Flow Ratios	Net Operating Cash Flow Per Share	2.72	6.17	8.51	5.19	4.33
	Net Operating Cash Flow Per Share to EPS Ratio	1.11	1.69	4.60	2.42	1.36

Discussion on few ratios:
Current Ratio (Times): A current ratio larger than one indicates the company's ability to remain solvent after adjusting its debt in the short term. Though a greater current ratio suggests that the company is more capable of meeting its obligations, it also shows that it is not utilising its current assets properly, is not getting financing well, or is not managing its working capital well.

Debt to Equity Ratio (Times): The debt-to-equity (D/E) ratio compares a company's total liabilities to its shareholder equity and can be used to evaluate how much leverage a company is using. Low debt-to-equity ratio suits companies operating under volatile and unpredictable business environments as they cannot afford financial commitments that they cannot meet in case of sudden downturns in economic activity.

Accounts Receivable Turnover Ratio: The ARTR for the company does not indicate an acceptable situation. Last year it indicated improvement but it has reduced this year. However, ARTR demonstrates a lack of credit and collection capacity. More concentrated effort is required by the company in order to crank up the ARTR. The management believe that the receivables will be collected within the time frame specified.

Operating Profit Ratio (%): The Operating Profit Ratio measures the business's operational efficiency. This ratio is used to calculate the firm's earning efficiency. Management is regarded efficient when the ratio is higher, and an increase in the ratio over the preceding period indicates an improvement in the company's operational efficiency.

Net Profit Ratio (%): The net profit ratio (%) is the most accurate indication of profitability and liquidity. Despite a very competitive market environment that is continually changing, our strategy approach has assisted us in regaining net profit margins during the last two years.

Return on Equity Ratio (%): We have consistently maintained a stable return on equity over many years. We are focusing on long-term sustainability to ensure a consistent return for investors.

Net Operating Cash Flows per Share (NOCFPS): Operating cash flows per share, which better reflects the company's long-term core activities, evaluates the value of the company's operations. By examining the extent of the disparity between cash flows per share and earnings per share, an investor can gain insight into how the company is using its resources.

Comparison of Financial Performance in peer industry scenario: (the year end 2023)

Particulars	aamranet	adntel	agnisysl	genexil	bdcom
	Taka	Taka	Taka	Taka	Taka
Fixed assets	1,516,791,924	1,336,594,049	557,658,081	1,427,070,840	334,000,143
Current Assets	1,147,988,865	1,355,145,159	772,828,166	1,524,134,574	730,562,844
Share Capital	619,866,080	646,516,660	725,561,920	1,158,173,280	570,864,990
Retained Earnings	1,200,207,161	914,077,204	199,166,109	1,263,588,608	232,112,453
Current Liabilities	418,178,936	543,165,573	182,939,803	1,524,510,824	247,570,780
Revenue	1,274,166,545	1,346,576,812	570,174,028	1,442,580,332	713,423,509
Gross Profit	469,989,115	617,675,049	195,457,256	635,279,520	393,581,230
Profit from Operation	284,523,457	332,141,608	95,501,497	396,434,618	85,851,815
Profit/(Loss) before Tax	234,959,788	322,176,579	89,412,324	386,780,108	103,769,095
Net Profit after Tax	225,668,919	257,920,473	81,796,294	382,329,190	74,546,051
Net cash flows from operating activities	382,333,961	164,780,370	100,159,773	565,797,986	83,364,627
Net cash flows from investing activities	(266,037,132)	(240,895,366)	(76,219,015)	(1,421,405,163)	(44,976,367)
Net cash flows from financing activities	(115,377,234)	(54,628,901)	(32,187,862)	747,963,902	(65,721,223)
Net Asset Value (NAV) per share	38.11	30.54	15.95	19.20	16.06
Earnings Per Share (EPS)	3.64	4.00	1.13	3.30	1.31
Net Operating Cash Flow Per Share	6.17	2.55	1.38	4.89	1.46

Accounting Policies and Estimation for preparation of Financial Statements

aamra networks limited followed International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) along with prevailing local rules and regulations applicable for the preparation of financial statements. A detailed description of accounting policies and estimation used for the preparation of the financial statements are disclosed in the Notes to the Financial Statements.

Changes in Accounting Policies and Estimation

aamra Networks has adopted to comply with key applicable changes by applying consistent policies and estimation, and as a result, the company has implemented amended depreciation rates in the year-end financial statements.

Risk and concerns

The management recognizes that risk is inherent in the Company's pursuit and achievement of our strategic and operating objectives. The Board has oversight responsibility for the Company's risk management framework, which is designed to identify, assess, prioritize, manage and communicate risks to which the Company is exposed in our business, and foster a corporate culture of integrity. Consistent with this approach, the Board regularly reviews and consults and discusses with management on strategic direction, challenges and risks faced by the Company, and annual and quarterly financial results.

Management is responsible for the direct management and oversight of strategic, operational, legal/compliance, and financial risks and the Company's formal program to continually and proactively identify, assess, prioritize and mitigate enterprise risk. Critical risks are managed through cross-functional participation in senior-level management

Risk Management

Risk is inherent with the IT business and the Company aims at delivering superior value to shareholders by achieving an appropriate trade-off between risk and return. Sound risk management and balancing risk-return trade-off are critical to a Company's success. Business and revenue growth has therefore to be weighed in the context of the risks embedded in the Company's business strategy. Of the various types of risks aamra networks is exposed to, the most important are credit risk, market risk, operational risk and technology reformation risk. The identification, measurement, monitoring and mitigation of risks, continued to be a key focus area for the Company. The risk management function attempts to anticipate vulnerabilities at the transaction level or at the portfolio level, as appropriate, through quantitative examinations of embedded risks. The risk management strategy of the Company is based on a clear understanding of various risks, disciplined risk assessment, risk measurement procedures and continuous monitoring for mitigation.

Principal Risks	Mitigation Action
Competition Risk	aamra networks has the vision to be the leading converged solutions company in Bangladesh delivering industry-leading network and connectivity. We are focused on driving efficiencies and innovation, via new technologies, products and services, processes and business models to provide an unmatched personalized experience to them.
Economic Risk	The business units in aamra networks have continuous revenue and cost optimization programs to drive improvements in their cost structures. Our business planning and management review processes involve the continuous monitoring of a rolling plan and actual expenditures to minimize the risk.
Operation Risk	We continue to expand our addressable market through ongoing network development. We proactively attract customers looking for an alternative to incumbent carriers that are unable to offer the desired routes, services, and total cost of ownership. We track and monitor services at a customer level to ensure continued low customer churn. We actively target high growth market segments. We actively seek to recruit and retain the talent necessary to maintain our standard of operational excellence.
People Risk	We continue to invest in our existing workforce and build up emerging capabilities through external professional/ fresh graduates' hires. To develop and retain talent, we conduct regular skills assessment into the critical business areas and set out structured developmental roadmaps to fill new and emerging skills gaps.

Principal Risks	Mitigation Action
Technology Risk	We continue to invest in upgrading, modernizing and equipping our systems with new capabilities to ensure we can deliver innovative and relevant services to our customers. We continue to closely monitor key secular industry trends driving demand, developments in the Internet of things, cloud computing, artificial intelligence, big data, Virtual Reality, and ultra-high-definition video. We actively monitor competitor activity on key routes with regards to its focused products to ensure that its products and bandwidth solutions remain competitively positioned and differentiated. We work with suppliers to ensure that its cost base remains competitive, and to enable flexibility to respond to changing pricing and commercial dynamics.
Vendor/ Supply Chain Risk	We work closely with our third-party suppliers to ensure third party service levels meet customers' operational and commercial performance needs. We construct our network where possible to reduce third party dependencies, and we have sufficient access to capital to support planned development projects.
New Business Risk	We continuously update our organization structure, talent management and development program, reviewing our policies and processes, and by investing in new technologies to meet the changing needs.
Network Failure Risk	We continue to make our networks resilient and review our processes to prevent any network disruptions. We also have an effective communication process for timely updates to our stakeholders during any incidents and/or crisis. Our defined crisis management and escalation process enables our senior management to respond to emergencies and catastrophic events on time. Additionally, we have business continuity plans as well as insurance policies in place.

SWOT analysis

Strengths • 20+ years of experience • Robust infrastructure nationwide • 1600+ blue-chip customers in both public and private sector • Flexible, diverse, widespread and versatile products and services • Cloud-driven solutions with customer-centric approach • Best talents and employees available in the country • Ability to adapt and innovate in constantly changing market environments • Superior brand value and market positioning • High level partnerships with top OEMs, i.e. AWS, Cisco, HP, Honeywell, Schneider, Poly, HikVision etc	**Weaknesses** • B2B only, no B2C products • Dependencies on 3rd party infrastructure providers such as NTTNs, LSPs • Expensive to deliver premium customer experience • Expansion and purchase are contingent to profits
Opportunities • Focus on cloud-based software and application market • Untapped market of 'Private Leased Circuit' business • Explore retail internet market • Innovate and explore in video/audio communication and collaboration space • Increase businesses in data center, colocation, and other infrastructure products • Collaborate and partner with international companies and investors	**Threats** • Frequent cable cuts by various authorities, causing connectivity disruptions • Lack of transmission infrastructure and NTTN coverage • Competitive market • Illegal ISPs and unregulated IT companies • High TAX/VAT on various products and services • Illegal and untaxed imports, lowering revenue on equipment sell

Strategy execution

Our strategic objective is to build a sustainable and resilient organization that remains relevant to the agenda of our clients, while creating growth opportunities for our employees, generating profitable returns for our investors and contributing to the communities that we operate in. Technology is transforming businesses in every industry around the world in a profound and fundamental way. Enterprises are leveraging models of the digital era to extend the value of existing investments and, in parallel, transform and future-proof their business. The need for professionals who are highly skilled in both traditional and digital technology areas are driving businesses to build strategic technology and IT partnerships to realize their transformation journeys. Our industry expertise, end to-end service capability and digital solutions, ability to scale, established platforms, superior quality and process execution, experienced management team, talented professionals and track record are often cited as clear differentiators. We see our approach helping support our clients by bringing all our capabilities and the strength of our entire employee-base to work for their benefit. With the changing economic environment, we positioned our Company to work with clients for their digital transformation as well as their cost efficiency and automation programs, enabling us to support them.

The journey to the digital future requires not just an understanding of new technologies and new ways of working, but a deep appreciation of existing technology landscapes, business processes and practices. Our strategy is to be a navigator for our clients as they ideate, plan and execute on their journey to a digital future.

In fiscal 2023-2024, we continued to focus our strategy to strengthen our relevance to clients and drive accelerated value creation. We believe the investments we have made, and continue to make, in our strategy will enable us to advise and help our clients as they tackle these market conditions, especially in the areas of digitization of processes, migration to cloud-based technologies, workplace transformation, business model transformation, enhanced cyber security controls and cost structure optimization in IT. Further, we have successfully enabled our employees to work remotely and securely thus achieving the operational stability to deliver on client commitments and ensuring our own business continuity.

Business implications

The Company anticipates a continued slowdown in client technology spending in the near term, influenced by a broader global economic recession and impact to certain sectors. In the near term, this could result in continued lower demand for our services and solutions. However, in the longer term, we see increased opportunities for our business as enterprises accelerate their digital transformation initiatives. With some impact due to project deferrals and the softening of discretionary spending, there will be some margin pressure in the near term. In response to these new contours of projected demand, ANL is working to optimize its cost structure and operational rigor to ensure execution excellence of our operations. Some of the activities initiated are:

- Improve liquidity and cash management with a rigorous focus on working capital cycles, including collections, receivables and any other blocked cash.
- Accelerate operational cost optimization initiatives such as automation.

Prioritizing employees

At aamra, we believe in amplifying human potential and creating the next opportunity for people, businesses, and communities. For over two decades, we have been a people company that understands the immense potential of technology. As we look to the future, we recognize that the world is changing, and we need to acknowledge our extraordinary potential to be a force for good. Our people are at the center of this vision, and it is our constant endeavor to make aamra a place where people can be their best selves. Our purpose is to inspire our people with meaningful work and passionate teams, enabling them to find purpose and make an indelible impact. We believe that talent transformation is an important focus area, and it begins with sensing employee needs and responding with a value proposition that delivers meaning, purpose, and value for them. We are committed to building synergy between how we differentiate ourselves as a company and deliver on the expectations of our employees.

The organization culture, driven by our core values, is one of the main levers that drive our business. At aamra, we work to build and sustain an inclusive, non-discriminatory and equal opportunity workplace. We have strengthened our people practices by using technology and automation to improve workforce efficiency, engagement, transformation, and innovation. We strive to create a best employee experience by designing consistent and best-in-class policies, processes, programs, and systems.

Diversity and inclusion

Our vision is of an 'inclusive organisational culture', with a focus on making the changes that will achieve the biggest positive difference, such as developing the capabilities of our leaders who have a critical role in driving the business and enhancing our working culture and creating a safe space for all employees to have open conversation through our Employee Support Network groups. We aim to treat people fairly, equitably and without bias, creating conditions that encourage and value diversity, and promoting respect, dignity and belonging. We follow and promote diversity and inclusion legislation, complying with its letter and spirit, recognising we can continue to improve the employee experience.

Branding

The "aamra" Superbrand award winner is a key intangible asset for the Company. It positions aamra networks as a next-generation internet connectivity services company that helps enterprises navigate their transformation.

In Appreciation

Finally, I would like to express my profound appreciation to our investors, clients, business partners, bankers, governmental organizations, and regulatory authorities for their unwavering support and belief in "aamra". My sincere appreciation to each and every devoted and diligent member of the aamra companies who made such valiant efforts and steadfast commitments to assisting us in achieving such productive achievements. My sincere gratitude also goes to my colleagues on the management team and the board, whose courageous leadership and astute observations enabled us to successfully navigate the year's difficult operating environment.

aamra will continue to make every effort to be flexible and market-relevant in the future. We continue to be cautiously hopeful that we will continue to produce steady growth as the market rapidly adopts digitalization. For our part, we'll make sure to maintain a firm focus on delivering creative solutions and top-notch services that will enhance the performance of our clients and provide sustainable value for our stakeholders.

For and on behalf of the Company,



Syed Farhad Ahmed
Managing Director & CEO
Dhaka, October 28, 2024