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NETSOL Technologies Provides Updates on COVID-19 Impact and Response

CALABASAS, Calif., April 20, 2020 (GLOBE NEWSWIRE) -- [NETSOL Technologies, Inc.](#) (**Nasdaq: NTWK**), a global business services and enterprise application solutions provider, is issuing updates on the Company's operations and sharing details of its response in light of the ongoing impact from the COVID-19 global pandemic.

Employee Safety

The Company is closely monitoring the evolving situation through all available information channels, including the latest news reports as well as updates from the Centers for Disease Control (CDC), the World Health Organization (WHO) and other regulatory authorities.

To ensure the health and safety of its employees, NETSOL has restricted all non-essential travel indefinitely and has instituted a mandatory work-from-home policy for the majority of its global workforce. NETSOL is also instructing all employees to notify the Company if they are displaying any flu-like symptoms or experiencing the onset of a potential sickness.

Financial Impact

Similar to the majority of global industries, leasing and finance operations as well as the related industries they serve, have been meaningfully impacted by the effects of COVID-19. The Company expects to incur a material impact in revenues for the fiscal third quarter and the remainder of fiscal 2020, the extent of which cannot currently be quantified.

NETSOL Response

In an effort to mitigate the ongoing financial impact, employees of NETSOL and its subsidiaries have taken an average reduction in salary of nearly 20% company-wide, including the Company's management team and Board of Directors. Strategic programs and new initiatives such as Otoz and the Company's Innovation Lab continue to operate on a reduced allocation and remain operational. Additionally, budgets for marketing, travel, and other postponed operational activities have been substantially reduced, resulting in expected costs savings of \$5 million on an annualized basis. Should business conditions improve during this timeframe, these estimates are subject to change.

The Company's proactive response efforts to-date have allowed NETSOL to retain all employees at this time. As a digital-first organization, the Company has taken steps to ensure that its business continuity plan remains intact and that all implementations and deliveries remain on schedule. The Company's maintenance and support teams are working full-time for its international customers without interruption.

Management Commentary

“As an international organization, we have seen the impact of the COVID-19 global pandemic from multiple angles and constituencies,” said Najeeb Ghauri, NETSOL Co-Founder, Chairman and Chief Executive Officer. “Because of our substantial operations in the APAC region, we were able to realize the importance of proactively responding to the virus outbreak to ensure for the health and safety of our employees worldwide. For the past month-plus period, we’ve been able to effectively work from home and maintain our same level of service upon which we pride ourselves.

“Unfortunately, the global economic slowdown has had an impact on our operations, which will continue to have a pronounced effect for the foreseeable future. To address these issues, we have moved swiftly and decisively in reducing our costs in a number of non-core areas and have also elected to take salary reductions in the near-term. Our prudent fiscal approach over the last few years has also resulted in a substantial cash position for NETSOL, which gives us additional support going forward.

“While COVID-19 has also impacted our ability to travel and meet face-to-face with prospects, our teams are still very busy in conducting virtual demos, presentations and negotiations. In the unpredictable environment we currently find ourselves, there have been understandable delays in decision making from potential new customers, both for our flagship NFS Ascent™ and Otoz.

“However, the early recovery signs we’ve seen through our China operations are highly encouraging, and we hope to see a similar response globally through the major ‘flattening-the-curve’ efforts that remain ongoing. Looking ahead, we are monitoring all aspects of our global operations. As a digital-first and SaaS-focused organization, we are also constantly evaluating innovative and flexible ways to manage our cost structures without impacting the delivery and implementations of projects in all markets.”

NETSOL plans to report its complete financial results for the fiscal third quarter, including a comprehensive discussion around the COVID-19 impact, in May. The conference call details will be announced prior to the call.

About NETSOL Technologies

NETSOL Technologies, Inc. (Nasdaq: NTWK) is a worldwide provider of IT and enterprise software solutions primarily serving the global leasing and finance industry. The Company’s suite of applications is backed by 40 years of domain expertise and supported by a committed team of more than 1300 professionals placed in eight strategically located support and delivery centers throughout the world. NFS, LeasePak, LeaseSoft or NFS Ascent – help companies transform their Finance and Leasing operations, providing a fully automated asset-based finance solution covering the complete leasing and finance lifecycle.

Forward-Looking Statements

This press release may contain forward-looking statements relating to the development of the Company's products and services and future operation results, including statements regarding the Company that are subject to certain risks and uncertainties such as the effect of stay at home orders and social distancing imposed by COVID-19 and its resultant impact on our financials and the world economy that could cause actual results to differ materially from those projected. The words “expects,” “anticipates,” variations of such words, and similar expressions, identify forward-looking statements within the meaning of the Private

Securities Litigation Reform Act of 1995, but their absence does not mean that the statement is not forward-looking. These statements are not guarantees of future performance and are subject to certain risks, uncertainties, and assumptions that are difficult to predict. Factors that could affect the Company's actual results include the progress and costs of the development of products and services and the timing of the market acceptance, as well as the delay in recovery or a prolonged economic downturn that effects our Company, our customers and the world economy. The subject Companies expressly disclaim any obligation or undertaking to update or revise any forward-looking statement contained herein to reflect any change in the company's expectations with regard thereto or any change in events, conditions or circumstances upon which any statement is based.

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