

**Evolutionary Systems Egypt –
L.L.C**

Financial Statements and Auditor's Report
to December 31, 2021

Translation from Arabic

Contents

	<u>Page</u>
Independent Auditor's Report	3
Statement of financial position	5
Statement of Profit or Losses	6
Comprehensive income statement	7
Statement of cash flows	8
Statement of changes in equity	9
Notes to the financial statements	10

C61, Plot# 11, 10th Sector,
Zahraa El Maadi, Cairo.

87 Ramsis Street, Cairo.
Egypt

T: +2 2310 10 31,32,33,34,35

T: +2 2574 48 10

T: +2 2577 07 85

info@bakertillyeg.com

www.bakertillyeg.com

Independent auditor's report

Translation from Arabic

To: The Associates
Evolutionary Systems Egypt (L.L.C)

Financial statement report

- We have audited the accompanying financial statements of Evolutionary Systems Egypt (L.L.C), which comprise the statement of financial position as at December 31, 2021 and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

- Management is responsible for the preparation and presentation of these financial statements in accordance with Egyptian Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selection and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

- Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Egyptian Auditing Standards within the view of the current Egyptian laws and regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements

- We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

- In our opinion, the financial statements referred to above and the accompanying notes present fairly, in all material respects, the financial position of Evolutionary Systems Egypt (S.A.E) as of December 31, 2021 and of its financial performance, and its cash flows for the year then ended in accordance with the Egyptian Accounting Standards within the view of the Egyptian laws and regulations.

Emphasis of matter

- Reference to note no. (13-2) from the notes of financial statements, which clarified the impact of recent outbreak of “Covid - 19” on the company’s operating environment including the values of assets , liabilities and its recoverable amounts , business results and the status of the related uncertainty.

Report on other legal and regulatory requirements

- The company keeps proper accounting records which include all that is required by law and the statutes of the company and the accompanying financial statements are in agreement therewith.
- The financial information contained in the report of Mangers as required by the companies Law No. 159 for the year 1981 is in agreement with the company’s accounting records within the limit that such information is recorded therein.

Mohamed Hossam Hilal, CPA, ESAA

R.A.A no. 30440

Bakertilly MOHAMED HILAL & WAHIB ABDEL GHIAFFAR

Cairo July 7, 2022



Statement of Financial Position

As at December 31, 2021

Translation from Arabic

	Notes	31/12/2021 EGP	31/12/2020 EGP
<u>Assets</u>			
<u>Non-Current Assets</u>			
Fixed assets (Net)	3	1,118,406	42,216
Right of use Assets	3-1	0	134,848
Total Non-Current Assets		1,118,406	177,064
<u>Current Assets</u>			
Receivables and other debit balances	4	2,695,795	1,513,656
Cash and Banks	5	590,676	94,571
Total Current Assets		3,286,471	1,608,227
Total Assets		4,404,877	1,785,291
<u>Equity and Liabilities</u>			
<u>Equity</u>			
Paid up capital		5,000	5,000
Legal reserve		2,500	2,500
Retained earnings	10	1,314,909	820,136
Net profit for the year		1,748,431	494,773
Total Equity		3,070,840	1,322,409
<u>Liabilities</u>			
<u>Non Current Liabilities</u>			
Deferred tax		108,214	0
Total Non Current Liabilities		108,214	0
<u>Current Liabilities</u>			
Payables and other credit balances	6	1,225,823	462,882
Total Current Liabilities		1,225,823	462,882
Total Liabilities		1,334,037	462,882
Total Equity and Liabilities		4,404,877	1,785,291

* The accompanying accounting principles and the notes to the financial statements from note no. (1) to (15) are integral part of these financial statements and must be read with them.

Auditor's report is attached

Genral Manager

Financial Manager



Statement of Profit or Losses For the year ended December 31, 2021

Translation from Arabic

	Note	<u>2021</u>	<u>2020</u>
		<u>EGP</u>	<u>EGP</u>
Net revenue		16,095,983	5,296,152
<u>Less:</u>			
Cost of revenue	7	13,266,090	4,558,466
Gross profit		<u>2,829,893</u>	<u>737,686</u>
<u>Less:</u>			
General and administrative expenses	8	153,337	36,062
Operating profit		<u>2,676,555</u>	<u>701,625</u>
<u>Add (Less) :</u>			
Foreign exchange (Loss)		(102,950)	(88,857)
Depreciation of fixed assets		(160,843)	0
Solidarity Share		(35,929)	(12,886)
social contribution		(40,240)	(13,240)
Net profit Before Taxes		<u>2,336,593</u>	<u>586,642</u>
Deferred Tax		(108,214)	0
Income Tax		(479,948)	(91,869)
Net Profit After Taxes		<u>1,748,431</u>	<u>494,773</u>
Profit per Quota for the year	9	<u>34,969</u>	<u>9,895</u>

*The accompanying accounting principles and the notes to the financial statements from note no. (1) to (13) are integral part of these financial statements and must be read with them.

Statement of Comprehensive Income

For the year ended December 31, 2021

	Translation from Arabic	
	<u>2021</u>	<u>2020</u>
	<u>EGP</u>	<u>EGP</u>
Net Profit after taxes	1,748,431	494,773
Total comprehensive income for the year	<u>1,748,431</u>	<u>494,773</u>

* The accompanying accounting principles and the notes to the financial statements from note no. (1) to (13) are integral part of these financial statements and must be read with them.

Statement of Cash Flows

For the year ended December 31, 2021

Translation from Arabic

	Note	<u>2021</u> <u>EGP</u>	<u>2020</u> <u>EGP</u>
<u>Cash flows from operating activities</u>			
Net Profit Before income tax		2,336,593	586,642
<u>Adjustments to reconcile net profit to net cash provided from operating activities</u>			
Fixed assets depreciation	3	160,843	11,253
Right-of-Use Assets Amortization		134,848	291,548
Adjustments Retearning earning		0	(4,505)
Interest Expenses		2,044	3,321
Foreign exchange Loss		102,950	88,857
Net profit before changing in working capital		2,737,278	977,116
change in Account Receivable and Other Debtors		(1,182,139)	(641,460)
change in Account payable and other creditors		417,733	51,050
Net cash provided from operating activities		1,972,872	386,706
Income Tax payment		(134,740)	0
Net cash provided from operating activities		1,838,132	386,706
<u>Cash flows from investing activities</u>			
Acquisition of plant, property & equipment		(1,237,033)	(19,000)
Acquisition of Right-of-Use Assets		0	(426,396)
Net cash (used in) investing activities		(1,237,033)	(445,396)
<u>Cash flows from financing activities</u>			
Interest expenses		(2,044)	(3,321)
Net cash (used in) financing activities		(2,044)	(3,321)
Net change in cash and cash equivalents		599,055	(62,011)
Cash & cash equivalents at the beginning of the year		94,571	240,339
Foreign currency exchange difference		(102,950)	(83,757)
Cash & cash equivalents at the end of the year	5	590,676	94,571

* The accompanying accounting principles and the notes to the financial statements from note no. (1) to (13) are integral part of these financial statements and must be read with them.

Statement of changes in equity

For the year ended December 31, 2021

	Paid up Capital		Legal reserve		Retained earnings		Net profit for the year		Total	
	EGP		EGP		EGP		EGP		EGP	
Balance as at December 31, 2019	5,000		2,500		333,298		486,838		827,636	
Closing of 2019 Profit in retained earnings	0		0		486,838		(486,838)		0	
Net profit for the year 2020	0		0		0		494,773		494,773	
Balance as at December 31, 2020 before Adj	5,000		2,500		820,136		494,773		1,322,409	
Closing of 2020 Profit in retained earnings	0		0		494,773		(494,773)		0	
Net profit for the year 2021	0		0		0		1,748,431		1,748,431	
Balance as at December 31, 2021	5,000		2,500		1,314,909		1,748,431		3,070,840	

* The accompanying accounting principles and the notes to the financial statements from note no. (1) to (13) are integral part of these financial statements and must be read with them.

Notes to the financial statements

For the year ended December 31, 2021

1. Introduction

A. Company background

- Evolutionary Systems Egypt (S.A.E) is an Egyptian Corporate Company incorporated in according to the Egyptian law no. 159/1981 and was registered in the Commercial registrar on 29/9/2014
- As per article no. 3 from the company's bylaw, the Duration of the Company shall be 25 years, beginning from the date of the Company is recorded in the Commercial Register. Every extension of the company duration must be according to the law no. 159/1981 and it's implementing Regulations.
- As per article no. 4 from the company's bylaw, the Company's legal domicile is 37 Ali Ameer Street from Makram Ebbed Street - Nasr City First -Cairo-Arab Republic of Egypt. The board of the Company may establish Branches, offices or Agencies thereof in Egypt or abroad except in the governorates of North and South Sinai and the Kantara East – which need a pre-approval by GAFL.

B. Company's Main Purpose

- As per article no. 2 from the company's bylaw, the company's main purpose is to Analysis, design and documentation of software program, data bases and application of all kind.

2. Significant Accounting Policies

A. Basis of Preparing Financial Statements

- The financial statements have been prepared in accordance with the applicable Egyptian Laws and Regulations as well as the Egyptian Accounting Standards on the basis of historical costs.

B. Foreign Currency Transactions

- The company records all transactions in Egyptian pounds. Foreign Currency transactions are evaluated based on the rate declared at the date of the transaction. At the date of the financial position, monetary assets and liabilities are revaluated based on the rate declared in the market at the date of the financial position. Differences resulting from foreign currency exchange are charged to the income statement

Translation from Arabic

C. Accounting Estimates

- In compliance with the Egyptian Accounting Standards, the company's management must prepare projections based on reasonable estimates that identify the effect of such estimates on the values of assets, liabilities, revenues and expenditures over the forecasted years. However, there will usually be differences between the projection and the actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

D. Financial Instruments

- Financial instruments are represented in the company's financial assets and liabilities where financial assets includes cash and bank balances, accounts receivable, other debtors accounts and other debit balances while financial liabilities include bank overdraft, creditors, other credit accounts and long term liabilities.
- According to the evaluation methodology implemented for valuation of company's assets and liabilities, the present value of company's financial instruments do not materially differ from their book value as of the date of the financial statements.

E. Fixed Assets and Depreciation

- Fixed assets are recorded at historical cost inclusive of all related expenses incurred to prepare the assets for intended use.
- Depreciation of the fixed assets is calculated on the basis of the estimated useful lives using the straight-line method of depreciation at the following annual rates:

<u>Asset</u>	<u>Depreciation Rate</u>
Computers	25%
Furniture and Fixtures	20%
Leasehold Improvements	Lower of Estimated Useful Life or Rental Period

F. Impairment of Fixed Assets

- In case it may become apparent that the company cannot reasonably expect to recover the cost of certain plant assets, either through use or through sale, the asset should be written down to its net realizable value where the difference between its recorded cost and the net realizable value should be charged to impairment loss account in the income statement.
- The company's management perform a periodic re-evaluation of the asset impairment losses. And in case of a indicating an increase in the net realizable value of a previously drawn down asset, the company's management reverse the impairment losses previously recorded for such asset and re-evaluate the impairment loss provided that the net book value of the asset after re-evaluation of impairment loss should never exceed the initial book value at date of acquisition.

G. Debts

- Debts are recorded at cost where the balance of the current instalments due within one year from date of the financial statements are classified under current liabilities while the balance of instalments due within a period in excess of one year from date of the financial statements is classified among long term liabilities in the balance sheet.

H. Trade Payables and Accruals

- Trade payables are recorded at their face value while accruals are recorded based on expected future payments that will be incurred in exchange for goods and/or services that have been received.

Translation from Arabic

I. Legal Reserves

- In accordance with the Egyptian laws and regulations, the company deducts an amount equal to 5% of the annual profits to constitute the legal reserve. This deduction shall stop whenever the total reserve would reach an amount equal to half of the company's issued capital. Whenever there is a decrease, then deduction shall have to be continued.

J. Revenue Recognition

- Revenue is recognized when risks and benefits related to ownership of services are transferred to the buyer upon delivery of services to the client and issuance of related invoices. Sales revenues are disclosed in the financial statements net of sales discounts.
- Accrued interest revenues are recognized as accrued.

K. Expenses Realization

- All operating expenses are realized as incurred on accrual basis where expenses are charged to the income statement in the period it was incurred.

L. Interest Cost

- Interest cost is included in income statement as Financing Expenses except for capitalized interest cost which represent the portion of the actual interest cost incurred that is directly related to construction and/or acquisition of fixed assets that qualify for interest cost capitalization where such portion is added to the asset cost and is depreciated on the basis of the estimated useful life of such asset in accordance with the Egyptian accounting standard for capitalization of interest.

M. Cash Flow Statement

- Cash flow statement is prepared using the indirect method. For the purpose of preparing the cash flow statement, cash and cash equivalents includes cash on hand, cash in banks, checks under collections, high liquidity short term investments with very low risk and bank overdraft balance that is not included in the overall bank credit facilities package. The balance of Bank overdraft that is part of the company's credit facilities is included in the current liabilities in the balance sheet.

N. Deferred Taxes

- According to the Egyptian Accounting Standards, deferred tax assets an/or deferred tax liabilities resulting from timing differences between the taxable value of assets and liabilities and their historical value should be calculated. Deferred tax asset is determined based on the existence of timing differences that will result in a reduction of the company's future taxable profit while deferred tax liability is determined based on the existence of timing differences that will result in an increase in the company's future taxable profit.
- The deferred tax is calculated based on average annual tax rate applied during quarterly reporting periods.

O. New issues amendments to the Egyptian Accounting Standards:

- New publications and amendments were made to the Egyptian accounting standards:
- On March 18, 2019, the Minister of Investment Decision No. 69 of 2019 was issued to amend some provisions of the Egyptian Accounting Standards issued by Resolution No. 110 of 2015 which was published in the Official Gazette on April 7, 2019, provided that they are implemented for financial periods in accordance with the Appendix of the Effective Date and the transitional provisions of each One criterion separately, bearing in mind that the early application of these standards is permitted on conditions in accordance with the transitional provisions of each standard, and the following is a summary of the most important amendments that may have an important impact on the financial statements of the company:

Translation from Arabic

- The creation of 3 accounting standards represented in the Egyptian Accounting Standard No. (47) For financial instruments in line with International Reports Standard No. (9), and Egyptian Accounting Standard No. (48) For revenue from contracts with clients, in accordance with International Standard Report No. (15) To replace Egyptian Accounting Standard No. (11) Related to revenue and Egyptian Accounting Standard No. (8) For construction contracts, the latest of which is Accounting Standard No. (49) For executive leasing contracts for the Financial Leasing and Factoring Law No. 176 of 2018, to replace Egyptian Accounting Standard No. (20) Financial leasing, in accordance with the international reporting standard R. M (16).
- Introducing an Egyptian accounting interpretation called "public services concession arrangements", which pertains to partnership projects between the government and the private sector.
- In accordance with the General Authority for Financial Supervision issued on April 12, 2020, the application of the new accounting standards and the accompanying amendments to the periodic financial statements during the year 2020 have been postponed, provided that these standards and these amendments are applied to the annual financial statements and the combined effect of the year is fully included by the end of 2020.
- In accordance with the General Authority for Financial Supervision issued on September 20, 2020, the application of the new accounting standards (Financial Instruments Standard - Revenue Standard from Contracts with Clients - Rent Standard) and the accompanying amendments to the lists have been postponed, provided that they are applied starting from 1-1-2021. Instead of 1-1-2020.

1- Lease contracts in which the company is a lessee:

Policies applicable on January 1, 2021

- On the start date of the lease contract, the "usufruct" asset and commitment to the lease contract is established, but the company cannot apply this, whether for short-term lease contracts or lease contracts in which the underlying asset is of low value, and in this case the associated lease payments are recorded these rents are considered an expense either on a straight-line basis over the lease term or on another regular basis. Another regular basis is applied if that basis is more reflective of the pattern of interest as a lessee.
- The company has long-term lease contracts for some exhibitions and workshops. The measurement and presentation of the related items of the financial statements are as follows:

Initial measurement of the "usufruct" origin:

- The cost of the "Right of Usufruct" asset consists of:
 - (a) The amount of the initial measurement of the lease liability, at the present value of the lease payments unpaid on that date. The lease payments are discounted using the interest rate implicit in the lease if that rate can be easily determined. If that rate cannot be determined, the lessee must use the lessee's additional borrowing rate.
 - (b) any lease payments made on or before the commencement date of the lease less any lease incentives received;
 - (c) any initial direct costs incurred by the lessee;
 - (d) An estimate of the costs to be incurred by the lessee in dismantling and removing the subject asset, restoring the site on which the asset is located, or returning the asset itself to the required condition in accordance with the terms and conditions of the lease, unless those costs will be incurred to produce the inventory. The lessee will incur obligations for those costs, whether at the start date of the lease contract or as a result of the use of the asset subject of the contract during a certain period.

Translation from Arabic

Subsequent measurement of the asset of the “usufruct”

- After the start date of the lease contract, the “right of usufruct” asset is measured, and the cost model is applied, where the “right of usufruct” asset is measured at cost:
 - (a) less any accumulated depreciation and any accumulated impairment losses;
 - (b) As modified by any re-measurement of the lease obligation.

Initial measurement of lease liability

- At the start date of the lease, the lease liability is measured at the present value of the lease payments unpaid on that date. The lease payments are discounted using the interest rate implicit in the lease if that rate can be easily determined. If that rate cannot be easily determined, the lessee must use the incremental borrowing rate of the company as the lessee.

Subsequent measurement of lease obligation

- After the start date of the lease contract, the following shall be done:
 - (a) the carrying amount of the liability increases to reflect the interest on the lease liability;
 - (b) reduce the carrying amount of the liability to reflect the lease payments;
 - (c) re-measurement the carrying amount of the liability to reflect any revaluation or lease modifications, or to substantially modified fixed lease payments.
- The right-of-use asset and lease liabilities are presented in the statement of financial position separately from other assets and liabilities.
- Lease contracts include the lessee's maintenance and insurance of the leased asset, and the lease contract does not include any arrangements for the transfer of ownership at the end of the lease period.
- For a contract that contains a lease component with one or more lease or non-lease components, (if any), consideration in the contract is allocated to each lease component on the basis of the proportionate stand-alone price of the lease component and the total stand-alone price of the non-lease components. As a practical means, and within the scope of what the standard allows, the company as a lessee can choose, according to the class of the asset subject of the contract, not to separate the non-lease components from the lease components, and then account for each lease component and any accompanying non-lease components as a single lease component.

Policies applicable before January 1, 2021

- The rental expense is recognized in the income statement on a straight-line basis over the lease term.

2- Revenue Recognition**Revenue recognition and measurement****Revenue from contracts with customers**

- Egyptian Accounting Standard No. (48) replaces the following Egyptian Accounting Standards:
 - Egyptian Accounting Standard No. (8) “Construction Contracts” amended in 2015
 - Egyptian Accounting Standard No. (11) “Revenue” as amended in 2015
- More specifically, Egyptian Accounting Standard No. (48) states that revenue recognition depends on the following five steps:
 1. Identifying the contract with a customer;
 2. Identifying the contractual obligation to transfer goods and/or services (known as performance obligations);
 3. Determining the transaction price.
 4. Allocating the transaction price to specific performance obligations based on the standalone selling price of each good or service
 5. Recognizing revenue when the related performance obligation is fulfilled.

Translation from Arabic

Policies applicable before January 1, 2021

- The revenue is measured at the fair value of the amounts received or owed to the company, which represent amounts due for goods sold and services rendered during the normal course of business, and sales are shown net after deducting any discount granted by the company.
- Revenue from the sold goods is recognized in the statement of profits or losses when the risks and benefits associated with ownership of the goods are transferred to the buyer, and there is an adequate expectation of the flow of consideration and the possibility of accurately determining the costs incurred and the company does not reserve the right of continuous administrative intervention on the goods sold, and the value of the revenue can be measured accurately.

3. Fixed Assets(Net)

Translation from Arabic

	<u>Computer</u> EGP	<u>Furniture and Supplies</u> EGP	<u>Total</u> EGP
<u>Cost</u>			
Balance as at December 31, 2019	144,145	49,064	212,209
Addition during the year	19,000	0	19,000
Balance as at December 31, 2020	163,145	49,064	231,209
Balance as at January 01, 2020	163,145	49,064	212,209
Addition during the year	1,232,933	4,100	1,237,033
Balance as at December 31, 2021	1,396,078	53,164	1,449,242
<u>Accumulated depreciation</u>			
Balance as at December 31, 2019	109,704	49,036	169,993
depreciation of the year	11,226	27	11,253
Balance as at December 31, 2020	120,930	49,063	169,993
Balance as at January 01, 2020	120,930	49,063	169,993
depreciation of the year	160,365	478	160,843
Balance as at December 31, 2021	281,295	49,541	330,836
Net Book value at 31/12/2021	1,114,783	3,623	1,118,406
Net Book value at 31/12/2020	42,215	1	42,216

3-1 Right-of-Use Assets

	<u>Amount</u>
Opening Balance at 1/1/2021	426,396
Additions during the year 2021	0
Balance at 31 Dec 2021	426,396
Accumulated Amortization at 1/1/2021	291,548
Amortization for The Year 2021	Note (7) 134,848
Accumulated Amortization 31 Dec 2021	426,396
Book value 31 Dec 2021	0
Book value 31 Dec 2020	134,848

4- Receivables and other debit balances

	<u>31/12/2021</u>	<u>31/12/2020</u>
	<u>EGP</u>	<u>EGP</u>
Due from related party - (Note No. 10)	2,298,437	1,480,268
Account receivables	259,875	0
Deposit with others - Office	14,000	14,000
Prepaid Expenses	106,670	19,388
Other	1,113	0
Loans to employees	15,700	0
Total	<u>2,695,795</u>	<u>1,513,656</u>

5- Cash and bank balances

	<u>31/12/2021</u>	<u>31/12/2020</u>
	<u>EGP</u>	<u>EGP</u>
Bank - foreign currency	87,030	26
Bank - EGP	500,806	91,756
Cash-in-hand	2,841	2,789
Total	<u>590,676</u>	<u>94,571</u>

- The exchange rate used for US\$ is L.E 15.71 for US\$ 1

6- Payables and other credit balances

	<u>31/12/2021</u>	<u>31/12/2020</u>
	<u>EGP</u>	<u>EGP</u>
Social insurance	144,928	31,548
Accrued Expenses	187,607	116,213
Income tax	437,077	91,869
Accrued Payroll Tax	324,462	64,787
Social contribution	40,240	13,240
Lease Contract liability	0	132,955
VAT	47,184	0
Sundry Creditors	44,325	12,270
Total	<u>1,225,823</u>	<u>462,882</u>

7- Cost of Revenues

	<u>2021</u>	<u>2020</u>
	<u>EGP</u>	<u>EGP</u>
Salaries and Equivalent	12,149,729	4,057,412
Consultancy Exp	431,998	0
Office Rent	45,000	0
Amortization of ROU Asset	134,849	166,088
Professional fees	136,736	123,599
Travel&Transportation	117,516	24,769
Maintenance	8,115	6,875
Bank Expenses	2,044	3,321
Medical Expenses and others	240,103	176,402
	<u>13,266,090</u>	<u>4,558,466</u>

8- General and Administration

	<u>2021</u>	<u>2020</u>
Phone & fax	10,775	9,609
Electricity and water	3,042	1,532
Stationery	7,188	1,217
Bank expenses	3,022	2,546
Computer expenses	11,495	625
Expenses and Legal Fees	106,235	20,116
others	11,581	417
	<u>153,337</u>	<u>36,062</u>

9- profit per Quota :

	<u>2021</u>	<u>2020</u>
Net profit for the year after tax	1,748,431	494,773
Weighted average number of Quota	50	50
Profit per Quota of the year	<u>34,969</u>	<u>9,895</u>

10- Related Party transaction

- Relationships have been disclosed where transactions have taken place and relationships involving controls:

<u>Name of Related Party</u>	<u>Nature of relationship</u>	<u>Country of Incorporation</u>
Evolutionary Systems Consultancy LLC	Associate	Abu Dhabi
Evolutionary Systems Arabia FZ LLC	Associate	Dubai

Transaction with above related parties during the year were:-

<u>Name of Related Party</u>	<u>Nature of transactions</u>	<u>For the year ended</u> <u>31/12/2021</u>	<u>For the year ended</u> <u>31/12/2020</u>
Evolutionary Systems Consultancy LLC	Support services	15,623,028	4,320,885
Evolutionary Systems Arabia FZ LLC	Support services	0	975,267

Balances with related parties outstanding are as follows:-

<u>Name of Related Party</u>	<u>Nature of balances</u>	<u>As At</u> <u>31/12/2021</u>	<u>As At</u> <u>31/12/2020</u>
Evolutionary Systems Consultancy LLC	Debtors	2,298,437	1,480,268

Translation from Arabic

11. Tax Status:**11-1 Corporate Income Tax**

- The company is subject to 22.5% of the taxable income according to the terms and conditions of the Egyptian corporate income tax laws.

11-2 Salaries Tax

- The company withholds the salaries tax from all employees in accordance with the Egyptian tax laws and remits the withheld taxes to the designated tax authority on schedule.
- Tax Authority did not inspect the company since inception till Date.

11-3 Withholding Tax

- The company is obligated to submit tax returns
- Tax Authority did not inspect the company since inception till Date.

11-4 Value Add Tax

- The company is obligated to submit tax returns
- Tax Authority did not inspect the company since inception till Date

11-5 Stamp Tax

- Tax Authority did not inspect the company since inception till Date.

12. Financial Risk:**12-1 Fluctuation Risk in Foreign Currency Exchange Rates**

- Represented in the risk associated with execution of transactions in foreign currencies where the company will be subject to risk associated with fluctuations in foreign currencies exchange rates that affects cash receipts and disbursements in foreign currencies as well as the results of the revaluation of monetary assets and liabilities nominated in foreign currency.

12-2 Liquidity Risk

- Liquidity risk is represented in the company's ability to liquidate its monetary assets with a total net realizable value that is not materially different from its fair market value in order to cover company's monetary liabilities. The company keeps sufficient amount of cash for financing through proper credit facilities with ability to credit from local banks in addition to dealing with clients on cash basis.

13- Significant Events**13-1 Application of the new Egyptian accounting standards**

- In accordance with the General Authority for Financial Supervision issued on April 12, 2020, the application of the new accounting standards and the accompanying amendments to the periodic financial statements during the year 2020 have been postponed, provided that these standards and these amendments are applied to the annual financial statements and the combined effect of the year is fully included by the end of 2020.
- In accordance with the General Authority for Financial Supervision issued on September 20, 2020, the application of the new accounting standards (Financial Instruments Standard - Revenue Standard from Contracts with Clients - Rent Standard) and the accompanying amendments to the lists have been postponed, provided that they are applied starting from 1-1-2021. Instead of 1-1-2020.

13-2 COVID-19

- The impact of the recent outbreak of "Covid-19" epidemic on the global economy and markets continues. In addition to, it's negative impact on several aspects including labour, operations, and liquidity available to the company. Accordingly, the company's management has developed and implemented contingency plans to address these exceptional circumstances, and we are currently closely monitoring and evaluating all the developments related to the spread of the novel virus. Where all necessary measures will be taken to maintain our operational operations, and most importantly, is to protect our employees, clients and all citizens associated with the company.
- In light of our current knowledge and available information, we do not expect the Covid-19 to have an impact on the company ability to continue for the foreseeable future.