

**Evolutionary Systems Egypt “L.L.C”**

**Financial Statements  
And Auditor’s Report  
For the Year Ended 31 December 2022**

**Ashraf Shawky Battah  
Certified Accountant**

# **Evolutionary Systems Egypt "L.L.C"**

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## Auditor's Report

**To: Partners of Evolutionary Systems Egypt "L.L.C"**

### Report on the Financial Statements

We have audited the accompanying financial statements of *Evolutionary Systems Egypt - limited liability- "THE Company"* which comprise the balance sheet as of 31 December 2022, related statements of income, comprehensive income statement, cash flows statement and changes in Shareholder's equity for the fiscal year ended and a summary of significant accounting policies and other explanatory notes.

### Company's Management Responsibility for the Financial Statements

Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with Egyptian Accounting Standards and with the requirements of applicable Egyptian laws and regulations. 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; selecting 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 Egyptian Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 to 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.

*Ashraf Shawky Battah*

**Certified Accountant**

Financial & Tax Consultant



## Opinion

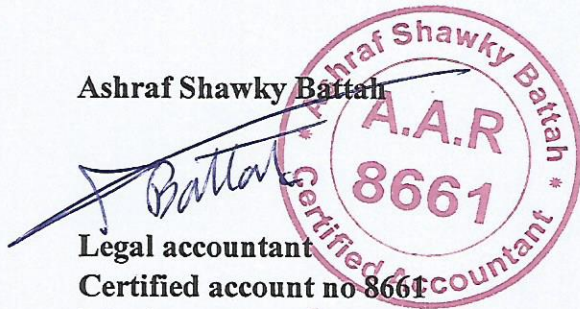
In our opinion, the financial statements present fairly, in all material respects, the financial position of the company at 31 December 2022, its operation and cash flows for the period ended in accordance with Egyptian Accounting Standards and applicable Egyptian laws and regulations.

## Report on Other Legal and Regulatory Requirements

The company maintains proper financial records, which includes all that is required by the law and the company's statute, and the accompanying financial statements are in agreement therewith, the company applies a proper costing system and the inventory counts were taken in accordance with recognized practices.

The financial statements at the report of the company's manager prepared in accordance with Law No. 159 for the year 1981 and its executive regulations are in accordance with what is stated in the company's books.

Ashraf Shawky Battah



Legal accountant  
Certified account no 8661  
Member of the Egyptian Tax Association

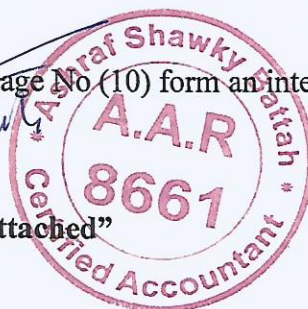
Cairo 5 Apr 2023

**Evolutionary Systems Egypt "L.L.C"**  
**Balance Sheet at 31 December 2022**

(all amounts in EGP)	Notes	31 December 2022	31December2021
<b>Non-Current Assets</b>			
Fixed Assets (net)	(3)	992 998	1 118 406
<b>Total of Non-current Assets</b>		<b>992 998</b>	<b>1 118 406</b>
<b>Current Assets</b>			
Receivables and other debit balance	(4)	8 261 342	2 695 795
Cash and Bank	(5)	1 086 280	590 676
<b>Total of Current Assets</b>		<b>9 347 622</b>	<b>3 286 471</b>
<b>Total Assets</b>		<b>10 340 620</b>	<b>4 404 877</b>
<b>Owners' Equity</b>			
Paid in capital		5000	5000
Legal reserve		2 500	2 500
Retained Earnings		3 063 340	1 314 909
Net profit for the year		4 810 715	1 748 431
<b>Total of owners' equity</b>		<b>7 881 555</b>	<b>3 070 480</b>
<b>Non-Current Liabilities</b>			
Deferred tax		122 009	108 214
<b>Total Non-Current Liabilities</b>		<b>122 099</b>	<b>108 214</b>
<b>Current Liabilities</b>			
Payables and other credit balances	(6)	2 337 056	1 225 823
<b>Total Current Liabilities</b>		<b>2 337 056</b>	<b>1 225 823</b>
<b>Total liabilities</b>		<b>2 459 065</b>	<b>1 334 037</b>
<b>Total owners' equity and liability</b>		<b>10 340 619</b>	<b>4 404 877</b>

The accompanying notes on pages No (6) to page No (10) form an integral part of these financial statements.

Auditor Report issue dated 5 Apr 2023, "attached"



Wafaa Tahtawi

General Manager

*Wafaa Tahtawi*



**Evolutionary systems Egypt "L.L.C"**  
**Income Statement for the year ended 31 December 2022**

(all amounts in EGP)	Notes	<u>31December 2022</u>	<u>31 December 2021</u>
Revenue		29 823 242	16 095 983
<b>Less:</b>			
Cost of revenue	(7)	<u>(25 285 798)</u>	<u>(13 266 090)</u>
<b>Gross Profit</b>		<u><b>4 537 444</b></u>	<u><b>2 829 893</b></u>
<b>Less:</b>			
General and administrative expenses	(8)	<u>130 383</u>	<u>153 337</u>
<b>Operating profit</b>		<u><b>4 407 060</b></u>	<u><b>2 676 555</b></u>
<b>Add/(Less):</b>			
Foreign exchange gain		2 289 547	(102 950)
Depreciation of fixed assets		(384 608)	(160 843)
Solidarity Share		(2 428)	(35 929)
Social contribution		<u>(80 282)</u>	<u>(40 240)</u>
<b>Net profit before taxes</b>		<u><b>6 229 290</b></u>	<u><b>2 336 593</b></u>
Deferred Tax		(13 795)	(108 214)
Income Tax		<u>(1 404 780)</u>	<u>(479 948)</u>
<b>Net profit after taxes</b>		<u><b>4 810 715</b></u>	<u><b>1 748 431</b></u>
<b>Profit per Quota for the year</b>	(9)	<u><b>97 820</b></u>	<u><b>34 969</b></u>

The accompanying policies and the notes on page (6) to page (10) form an integral part of these financial statements.

**”Evolutionary systems Egypt “L.L.C**  
**Comprehensive Income Statement for the year ended 31 December 2022**

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(all amounts in EGP)	Notes	<u>December 2022</u>	<u>31 December 2021</u>
Net profit for the year after taxes		4 810 715	1 748 431
Other Comprehensive Income		<u>-</u>	<u>-</u>
Net profit for the year after taxes		<u><b>4 810 715</b></u>	<u><b>1 748 431</b></u>

The accompanying policies and notes on page (6) to page (10) form an integral part of these financial statements.

**Evolution Systems Egypt "L.L.C"**  
**Statement of Changes in Equity for the year ended 31 December 2022**

(all amounts in EGP)	Capital	Legal reserve	Retained Earnings	Net Profit of the year	Total
<b>Balance at 31 December 2020</b>	5000	2 500	820 136	494 773	1 322 409
Closing of 2021 profit in retained earnings	-	-	494 773	(494 773)	-
Net profit for the year 2021	-	-	-	1 748 431	1 748 431
<b>Balance at 31 December 2021</b>	<b>5000</b>	<b>2 500</b>	<b>1 314 909</b>	<b>1 748 431</b>	<b>3 070 480</b>
Closing of 2021 profit in retained earnings	-	-	1 748 431	(1 748 431)	-
Net profit for the year 2022	-	-	-	4 810 715	4 810 715
<b>Balance at 31 December 2022</b>	<b>5000</b>	<b>2 500</b>	<b>3 063 340</b>	<b>4 810 715</b>	<b>7 881 555</b>

the accompanying policies and notes on page (6) to page (10) form an integral part of these financial statements



## Evolutionary Systems Egypt "L.L.C"

### Statement of Cash Flows for the year ended 31 December 2022

(all amounts in EGP)	31 December 2022	31 December 2021
<b>Cash flows from operating activities:</b>		
Net profit for the year	6 229 290	2 336 593
Adjustments for:		
Fixed assets depreciation	384 608	160 843
Right -of-Use Assets Amortization	-	134 848
Interest Expenses	-	2 044
Foreign exchange Loss	(2 289 547)	102 950
<b>Net profit before changing in working capital</b>	<b>4 324 351</b>	<b>2 737 278</b>
Change in Account Receivable and Other Debtors	(5 565 547)	(1 182 139)
Change in Account payable and other creditors	143 530	417 733
<b>Net Cash provided from operating activities</b>	<b>(1 097 666)</b>	<b>1 972 872</b>
Income tax payment	(437 077)	(134 740)
<b>Net Cash used in operating activities</b>	<b>(1 534 743)</b>	<b>1 838 132</b>
<b>Cash flows from investing activities:</b>		
Acquisition of plant, property & equipment	(259 200)	(1 237 033)
<b>Net Cash (used in) investing activities</b>	<b>(259 200)</b>	<b>(1 237 033)</b>
<b>Cash flows from investing activities:</b>		
Interest Expenses	-	(2 044)
<b>Net Cash (used in) investing activities</b>	<b>-</b>	<b>(2 044)</b>
<b>Net change in cash and equivalents</b>	<b>(1 793 943)</b>	<b>(599 055)</b>
Cash & Cash equivalents at the beginning of the year	590 676	94 571
Foreign currency exchange difference	2 289 547	(102 950)
<b>Cash &amp; Cash equivalents at the end of the year</b>	<b>1 086 280</b>	<b>590 676</b>

The accompanying policies and notes on page (6) to page (10) form an integral part of these financial statements.

# Evolutionary Systems Egypt “L.L.C”

Note to the Financial Statements – for the year ended 31 December 2022

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## Evolutionary Systems Egypt “L.L.C”

### 1. About the company

#### 1/1 Legal Entity and activity

*Evolution Systems Egypt* – limited liability company- was established according to law no 159 for year 1981 and its executive regulations.

#### 1/2 Purpose of the company

The company purpose is the produce and develop programs and applications, and to establish databases, electronic information systems, operate and train on them according to the provisions of laws, regulations and standard decisions and the company should obtain all the necessary licenses to operate.

#### 1/3 Company duration

25 years starting from 1/10/2014 to 30/9/2039

#### 1/4 Company Headquarters

37 Ali Amer Street, Markam Ebeid First Nasr City, Cairo.

### 2. Basis of preparation of financial statement

#### 2/1: Accounting policies

Financial statements have been prepared in accordance with Egyptian Accounting Standards (EAS's) and applicable laws and regulations. During 2015 a modified version of the Egyptian Accounting Standards has been issued that includes some new accounting standards and amendments to certain existing standards that are effective from the beginning of 1 January 2016. Early application of these standards is not allowed.

#### 2/2: Foreign currencies

The financial statements are presented in Egyptian pounds, which is the company's functional and presentation currency.

## Evolutionary Systems Egypt “L.L.C”

### Note to the Financial Statements – for the year ended 31 December 2022

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#### 2/3 Usage of estimates and personal judgment

The preparation of financial statements in conformity with ESA requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities. The estimates and judgements are based on previous experience. The actual results may differ from those estimates.

The estimates and assumptions are reviewed regularly.

The change in an accounting estimate is admitted in the period which the estimate is changed, if the change affects only that period, or the period of change and future periods if the change affects both.

#### 2/4 Fair value measurement

The fair value of financial assets or liabilities with maturity date less than one year is assumed to approximate their carrying value. The fair value of financial liabilities, for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

#### 1. Fixed Assets

Fixed assets are recorded according to historical cost plus any direct cost related to the acquisition of the asset until it is ready to use

The fixed asset is depreciated on a straight-line basis at annual rates:

Furniture	20%
Computers	25%



**Evolutionary Systems Egypt “L.L.C”**  
**Note to the Financial Statements – for the year ended 31 December 2022**

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**Note 3: Fixed Assets (Net)**

**For the year ended 31 December 2022**

(all amounts in EGP)	Computer	Furniture and Supplies	Total
<b><u>Cost:</u></b>			
Cost at the beginning of the year 2022	1 396 078	53 164	1 449 242
Additions during the year	259 200	-	259 200
<b>Cost at 31 December 2022</b>	<b>1 655 278</b>	<b>53 164</b>	<b>1 708 442</b>
<b><u>Accumulated depreciation:</u></b>			
Accumulated depreciation at the beginning of the year 2022	281 295	49 541	330 836
Depreciation of the year	383 788	820	384 608
<b>Balance as at December 31,2022</b>	<b>665 083</b>	<b>50 361</b>	<b>715 444</b>
Net book value at December 31,2022	<b>990 195</b>	<b>2 803</b>	<b>992 998</b>
Net book value at December 31,2021	<b>1 114783</b>	<b>3 623</b>	<b>1 118 406</b>

**For the year ended 31 December 2021**

(all amounts in EGP)	Computer	Furniture and Supplies	Total
<b><u>Cost:</u></b>			
Cost at the beginning of the year 2021	163 145	49 064	212 209
Additions during the year	1 232 933	4 100	1 237 033
<b>Cost at 31 December 2021</b>	<b>1 396 078</b>	<b>53 164</b>	<b>1 449 242</b>
<b><u>Accumulated depreciation:</u></b>			
Accumulated depreciation at the beginning of the year 2021	120 930	49 063	169 993
Depreciation of the year	160 365	478	160 843
<b>Balance as at December 31,2021</b>	<b>281 295</b>	<b>49 541</b>	<b>330 836</b>
Net book value at December 31,2021	<b>1 114 783</b>	<b>3 623</b>	<b>1 118 406</b>
Net book value at December 31,2020	<b>42 215</b>	<b>1</b>	<b>42 216</b>

## Evolutionary Systems Egypt "L.L.C"

### Note to the Financial Statements – for the year ended 31 December 2022

#### Note 4: Receivables and other debit balances

(all amounts in EGP)	<u>31 December 2022</u>	<u>31 December 2021</u>
Sundry debtors (from related party)	8 105 797	2 298 437
Prepaid Expenses	136 739	106 670
Deposit with others -Office	14 000	14 000
VAT receivable	4 806	-
Account receivables	-	259 875
Other	-	1 113
Loans to employees	-	15 700
<b>Total</b>	<b><u>8 261 342</u></b>	<b><u>2 695 795</u></b>

#### Note 5: Cash and Bank balances (all amounts in EGP)

	<u>31 December 2022</u>	<u>31 December 2021</u>
Bank – foreign currency	920 254	87 030
bank (EGP)	106 332	500 806
Cash in hand	59 694	2 841
<b>Total</b>	<b><u>1 086 280</u></b>	<b><u>590 676</u></b>

#### Note 6: payables and other Credit balances

(all amounts in EGP)	<u>31 December 2022</u>	<u>31 December 2021</u>
Income tax	1 404 780	437 077
Accrued salaries	302 720	79 985
Accrued payroll tax	292 724	324 462
Social insurance	139 562	144 928
Social contribution	80 282	40 240
Accrued professional fees	67 961	107 622
Liability for expenses	49 028	44 325
VAT	-	47 184
<b>Total</b>	<b><u>2 337 057</u></b>	<b><u>1 225 823</u></b>



## Evolutionary Systems Egypt "L.L.C"

### Note to the Financial Statements – for the year ended 31 December 2022

#### Note 7: Cost of Revenues

	<u>31 December 2022</u>	<u>31 December 2021</u>
Salaries	22 435 673	12 149 729
Social insurance	1 120 555	-
Consultancy Exp	619 814	431 998
Medical insurance & others	574 209	240 103
Travel & Transportation	229 879	117 516
Office Rent	184 500	45 000
Professional fees	104 993	136 736
maintenance charges	16 175	8 115
Amortization of ROU Asset	-	134 849
Bank Expenses	-	2 044
<b>Total</b>	<b><u>25 285 798</u></b>	<b><u>13 266 090</u></b>

#### Note 8: General and Administrative expenses

	<u>31 December 2022</u>	<u>31 December 2021</u>
Others	15 788	11 581
Computer expenses	11 727	11 495
Phone & fax	12 310	10 775
Stationery	6 142	7 188
Electricity and water	4 185	3 042
Lawyer fees	40 220	44 765
Recruitment expense	37 585	61 470
Bank Expenses	2 426	3 022
<b>Total</b>	<b><u>130 383</u></b>	<b><u>153 337</u></b>

#### Note 9: profit per Quota:

	<u>31 December 2022</u>	<u>31 December 2021</u>
Net profit for the year after tax	4 890 995	1 748 431
Weighted average number of Quota	50	50
<b>Total</b>	<b><u>97 820</u></b>	<b><u>34 969</u></b>



## 10 Related party transaction

- Relationship have been disclosed where transaction have taken and relationships involving controls :

<b>Name of related party</b>	<b><u>Nature of relationship</u></b>	<b><u>Country of incorporation</u></b>
Evolutionary Systems Consultancy LLC	Affiliates	Abu Dhabi

Transaction with above related parties during the year were :-

### Name of related party

<b>Name of related party</b>	<b><u>Nature of transactions</u></b>	<b><u>For the year ended</u></b> <b><u>31 /12/2022</u></b>	<b><u>For the year ended</u></b> <b><u>31 /12/2021</u></b>
Evolutionary Systems Consultancy LLC			
<b>Balances with related parties outstanding are as follows :-</b>	Support services	29,871,605	15,623,028

<b>Name of related party</b>	<b><u>Nature of balances</u></b>	<b><u>As At</u></b> <b><u>31/12/2022</u></b>	<b><u>As At</u></b> <b><u>31/12/2021</u></b>
Evolutionary Systems Consultancy LLC	Debtors	8,105,797	2,298,437