

telecomegypt



**Telecom Egypt Company**  
**(An Egyptian Joint Stock Company)**  
**Condensed Separate Interim Financial Statements**  
**For The Nine Months Ended September 30, 2022**  
**And Limited Review Report**

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**(An Egyptian Joint Stock Company)**  
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**For The Nine Months Ended September 30, 2022**  
**And Limited Review Report**

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# Hazem Hassan

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*Translation from Arabic*

## **Limited Review Report on The Condensed Separate Interim Financial Statements To The Board of Directors of Telecom Egypt Company**

### ***Introduction***

We have performed a limited review on the accompanying condensed separate statement of financial position of Telecom Egypt Company “an Egyptian joint stock company” as of September 30, 2022, and the related condensed separate statements of income, comprehensive income for the three months and nine months ended September 30, 2022, changes in equity and cash flows for the nine months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed separate interim financial statements in accordance with Egyptian Accounting Standard number (30) “Interim Financial Reporting”. Our responsibility is to express a conclusion on these condensed separate interim financial statements based on our limited review.

### ***Scope of Limited Review***

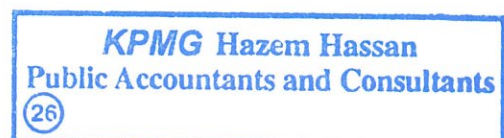
We conducted our limited review in accordance with Egyptian Standard on Review Engagements number (2410), "Limited Review of Interim Financial Statements Performed by the Independent Auditor of the Entity". A limited review of condensed separate interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the Company and applying analytical and other limited review procedures. A limited review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these condensed separate interim financial statements.

### ***Conclusion***

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying condensed separate interim financial statements do not present fairly, in all material respects, the unconsolidated financial position of the company as of September 30, 2022, and of its unconsolidated financial performance and its unconsolidated cash flows for the nine months then ended in accordance with Egyptian Accounting Standard number (30) “Interim Financial Reporting”.

**KPMG Hazem Hassan**  
**Public Accountants & Consultants**

Cairo, November 13, 2022



**Telecom Egypt Company**  
**(An Egyptian Joint Stock Company)**  
**Condensed Separate Statement of Financial Position as of:**

	Note No.	30/9/2022 L.E. (000)	31/12/2021 Reclassified L.E. (000)
<b>Assets</b>			
<b>Non Current Assets</b>			
Fixed assets	(11)	43 227 196	42 168 246
Projects in progress	(12)	7 189 742	6 131 150
Investments in subsidiaries and associates	(13)	6 645 125	6 645 125
Financial assets at FV OCI - Equity investment		74 856	74 856
Other assets	(14)	14 610 716	11 996 091
<b>Total Non Current Assets</b>		<b>71 747 635</b>	<b>67 015 468</b>
<b>Current Assets</b>			
Inventories	(15)	2 375 630	1 952 384
Trade and notes receivable	(16)	6 483 667	4 761 366
Debtors and other debit balances	(17)	6 155 196	4 916 603
Debit balances with subsidiaries	(29)	554 488	-
Cash and cash equivalents	(18)	1 858 963	2 315 830
<b>Total Current Assets</b>		<b>17 427 944</b>	<b>13 946 183</b>
<b>Total Assets</b>		<b>89 175 579</b>	<b>80 961 651</b>
<b>Equity</b>			
Capital	(23)	17 070 716	17 070 716
Reserves	(24)	5 359 173	5 011 376
Retained earnings		11 706 917	12 659 510
<b>Total Equity</b>		<b>34 136 806</b>	<b>34 741 602</b>
<b>Non Current Liabilities</b>			
Loans and credit facilities	(19)	12 779 148	10 966 681
Lease obligations	(21)	613 309	630 062
Creditors and other credit balances	(20)	4 423 570	4 165 062
Deferred tax liabilities	(25-1)	872 303	1 396 449
<b>Total Non Current Liabilities</b>		<b>18 688 330</b>	<b>17 158 254</b>
<b>Current Liabilities</b>			
Loans and credit facilities installments due within one year	(19)	7 423 343	5 295 946
Lease obligations	(21)	135 262	116 462
Creditors and other credit balances	(20)	17 531 004	14 208 450
Accrued credit accounts to subsidiaries and associates	(29)	9 735 711	7 854 290
Accrued income tax		712 452	547 293
Provisions	(22)	812 671	1 039 354
<b>Total Current Liabilities</b>		<b>36 350 443</b>	<b>29 061 795</b>
<b>Total Liabilities</b>		<b>55 038 773</b>	<b>46 220 049</b>
<b>Total Equity and Liabilities</b>		<b>89 175 579</b>	<b>80 961 651</b>

The accompanying notes on pages (6) to (23) are an integral part of these Condensed Separate Interim Financial Statements.

Director of Financial Affairs



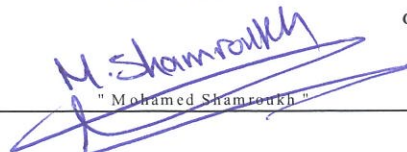
"Ehab Abdo"

Senior Director of Financial Affairs



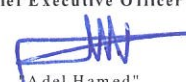
"Wael Hanafy"

Chief Financial Officer



"Mohamed Shamroukh"

Managing Director &  
Chief Executive Officer



"Adel Hamed"

Board of Directors approval

Chairman



"Maged Osman"

Limited Review Report "attached"

**Telecom Egypt Company**  
**(An Egyptian Joint Stock Company)**  
**Condensed Separate Statement of Income**

	Note No.	<u>For the nine months ended :</u>		<u>For the three months ended :</u>	
		<u>30/9/2022</u>	<u>30/9/2021</u>	<u>30/9/2022</u>	<u>30/9/2021</u>
		<u>L.E.(000)</u>	<u>Reclassified L.E.(000)</u>	<u>L.E.(000)</u>	<u>Reclassified L.E.(000)</u>
Operating revenues	(3)	24 011 084	19 485 318	8 990 391	6 543 466
Operating costs	(4)	(15 362 408)	(12 613 190)	(5 380 696)	(4 277 561)
<b>Gross Profit</b>		<b>8 648 676</b>	<b>6 872 128</b>	<b>3 609 695</b>	<b>2 265 905</b>
Other operating income		638 602	669 892	189 295	171 676
Selling and distribution expenses	(5)	(2 175 505)	(1 933 283)	(747 817)	(661 532)
General and administrative expenses	(6)	(2 513 653)	(2 193 832)	(921 685)	(735 675)
Expected credit loss Provision		(116 962)	(65 056)	(81 662)	(5 719)
Other operating expenses		(69 333)	(68 630)	(3 371)	(15 187)
<b>Operating profit</b>		<b>4 411 825</b>	<b>3 281 219</b>	<b>2 044 455</b>	<b>1 019 468</b>
Finance income		95 997	445 121	20 570	93 948
Finance cost		(1 878 655)	(957 909)	(1 091 487)	(253 854)
<b>Net finance cost</b>	(7)	<b>(1 782 658)</b>	<b>(512 788)</b>	<b>(1 070 917)</b>	<b>(159 906)</b>
Income from investments in subsidiaries and associates	(8)	<b>1 588 563</b>	<b>4 617 368</b>	-	-
<b>Net profit for the period before income tax</b>		<b>4 217 730</b>	<b>7 385 799</b>	<b>973 538</b>	<b>859 562</b>
Income tax expense		(1 071 897)	(1 073 895)	(252 030)	(105 108)
Deferred tax expense	(25-1)	105 717	(38 902)	(65 860)	37 793
<b>Total income tax</b>		<b>(966 180)</b>	<b>(1 112 797)</b>	<b>(317 890)</b>	<b>(67 315)</b>
<b>Net profit for the period after the income tax</b>		<b>3 251 550</b>	<b>6 273 002</b>	<b>655 648</b>	<b>792 247</b>
Basic and diluted earning per share for the period (L.E. / Share)	(10)	1.90	3.67	0.38	0.46

The attached notes on pages (6) to (23) are an integral part of these condensed separate interim financial statements.

**Telecom Egypt Company**  
(An Egyptian Joint Stock Company)  
Condensed Separate Statement of Comprehensive Income

	Note	For the nine months ended :		For the three months ended :	
		30/9/2022	30/9/2021	30/9/2022	30/9/2021
		<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>
Net profit for the period after income tax		3 251 550	6 273 002	655 648	792 247
<b>Other Comprehensive Income Items:</b>					
Translation differences of foreign currency balances	(32-2)	(1 859 683)	-	-	-
Deferred tax on translation differences of foreign currency balances	(32-2)	418 429	-	-	-
		(1 441 254)	-	-	-
Transferred to retained earnings during the period		1 441 254	-	-	-
<b>Total Comprehensive Income</b>		<b>3 251 550</b>	<b>6 273 002</b>	<b>655 648</b>	<b>792 247</b>

The attached notes on pages (6) to (23) are an integral part of these condensed separate interim financial statements.

**Telecom Egypt Company**  
**(An Egyptian Joint Stock Company)**  
**Condensed Separate Statement of Changes In Equity**  
**For the Nine Months Ended September 30, 2022**

	Note	Capital L.E. (000)	Legal reserve L.E. (000)	Other reserves L.E. (000)	Retained earnings L.E. (000)	Total L.E. (000)
<b>Balance as of January 1, 2021 (Before restatement)</b>		17 070 716	2 115 811	2 787 550	8 086 547	30 060 624
<b>Impact of applying the new Egyptian Accounting Standards</b>					( 328 179)	( 328 179)
<b>Balance as of January 1, 2021 (After restatement)</b>		17 070 716	2 115 811	2 787 550	7 758 368	29 732 445
<b>Comprehensive income</b>						
Net profit for the period		-	-	-	6 273 002	6 273 002
<b>Total comprehensive income</b>		-	-	-	6 273 002	6 273 002
Transferred to legal reserve		-	108 015	-	( 108 015)	-
<b>Transactions with shareholders</b>						
Dividends for year 2020 (Shareholders)		-	-	-	( 1 280 304)	( 1 280 304)
Dividends for year 2020 (Employees & Board of Directors)		-	-	-	( 666 470)	( 666 470)
<b>Total transactions with shareholders</b>		-	-	-	( 1 946 774)	( 1 946 774)
<b>Balance as of September 30, 2021</b>		17 070 716	2 223 826	2 787 550	11 976 581	34 058 673
<b>Balance as of January 1, 2022</b>		17 070 716	2 223 826	2 787 550	12 659 510	34 741 602
<b>Comprehensive income</b>						
Net profit for the period		-	-	-	3 251 550	3 251 550
<b>Total comprehensive income</b>		-	-	-	3 251 550	3 251 550
Impact of translation differences of foreign currencies balances	( 32)	-	-	-	( 1 441 254)	( 1 441 254)
Transferred to legal reserve		-	347 797	-	( 347 797)	-
<b>Transactions with shareholders</b>						
Dividends for year 2021 (Shareholders)		-	-	-	( 1 707 072)	( 1 707 072)
Dividends for year 2021 (Employees & Board of Directors)		-	-	-	( 708 020)	( 708 020)
<b>Total transactions with shareholders</b>		-	-	-	( 2 415 092)	( 2 415 092)
<b>Balance as of September 30, 2022</b>		17 070 716	2 571 623	2 787 550	11 706 917	34 136 806

The attached notes on pages (6) to (23) are an integral part of these condensed separate interim financial statements.

**Telecom Egypt Company**  
**(An Egyptian Joint Stock Company)**  
**Condensed Separate Statement of Cash Flows**

	Note No.	<b>For the nine months ended:</b>	
		<b>30/9/2022</b>	<b>30/9/2021</b>
		<b>L.E.(000)</b>	<b>Reclassified L.E.(000)</b>
<b>Cash flows from operating activities :</b>			
Cash receipts from customers and note receivable		15 149 208	13 978 869
Cash receipts from related party		10 397 099	8 962 116
Stamp tax and fees collected (from third party)		70 387	57 153
Deposits collected from customers		39 045	28 008
Cash paid to suppliers		(6 298 211)	(4 942 228)
Payments for NTRA license fees		( 929 318)	( 839 723)
Cash paid to Board of Directors		( 14 300)	( 9 377)
Cash paid to employees		(4 211 490)	(3 493 938)
Cash paid on behalf of employees to third party		( 755 720)	( 649 924)
<b>Cash provided by operating activities</b>		<b>13 446 700</b>	<b>13 090 956</b>
Interest paid		( 707 348)	( 815 060)
Payments to Tax Authority - income tax		( 235 810)	-
Payments to Tax Authority - value added tax		(1 245 551)	( 385 385)
Payments to Tax Authority - other taxes		(1 350 410)	(1 180 156)
Other (payments) / proceeds		( 571 295)	430 787
<b>Net cash provided by operating activities</b>		<b>9 336 286</b>	<b>11 141 142</b>
<b>Cash flows from investing activities :</b>			
Payments for purchase of fixed assets and projects in progress		(8 951 667)	(7 752 118)
Payments for purchase of other assets		(1 933 568)	(2 422 300)
payments for purchase of financial assets at amortized cost - treasury bills		( 596 933)	-
Proceeds form sale of financial assets at amortized cost - treasury bills		605 491	-
Interest received		15 565	8 000
Dividends collected from investments		1 431 620	4 164 198
Proceeds from retrieval of financial assets at amortized cost - treasury bills		15 660	-
<b>Net cash used in investing activities</b>		<b>(9 413 832)</b>	<b>(6 002 220)</b>
<b>Cash flows from financing activities :</b>			
Payments of loans		(1 520 468)	(1 078 458)
Proceeds (payments) of credit facilities		2 984 067	(3 119 006)
Payments of lease liabilities		( 137 462)	( 108 422)
Dividends paid to shareholders		(1 707 072)	(1 280 304)
<b>Net cash used in financing activities</b>		<b>( 380 935)</b>	<b>(5 586 190)</b>
<b>Net change in cash and cash equivalents during the period</b>		<b>( 458 481)</b>	<b>( 447 268)</b>
Cash and cash equivalents at the beginning of the period	(18)	2 274 871	1 538 732
<b>Cash and cash equivalents at the end of the period</b>	<b>(18)</b>	<b>1 816 390</b>	<b>1 091 464</b>

The attached notes on pages (6) to (23) are an integral part of these condensed separate interim financial statements.

**Telecom Egypt Company**  
**(An Egyptian Joint Stock Company)**

**Notes to the Condensed Separate Interim Financial Statements**  
**For The Nine Months Ended September 30, 2022**

**1. BACKGROUND & ACTIVITIES**

**1-1 Legal Entity**

- Arab Republic of Egypt National Telecommunication Organization (ARENTO) was established according to Law No.153 of 1980. Effective from March 27, 1998 and according to law No.19 of 1998, the legal form of (ARENTO) was amended after the revaluation of its assets on March 26, 1998 to become "Telecom Egypt Company" (TE).
- Telecom Egypt Company (the "Company") is an Egyptian Joint Stock Company registered in the Arab Republic of Egypt and is engaged in the provision of public communications and associated products and services.
- The company is subject to the provisions of the Companies Law No. 159 of 1981 and Capital Market law No. 95 of 1992.
- The registered office of the company is 26 Ramses Street, Cairo, Egypt.
- The nominal shares for the company are traded in the Egyptian Stock Exchange and the London market for securities.

**1-2 Purpose of the company**

The main purpose of the company represents in the following:

- Owning, setting up, operating, maintenance and development of telecommunication networks and infrastructure necessary for communication services for using and / or managing and / or leasing to others and / or dealing on them.
- Providing voice, video and data transmission telecommunication services to subscribers and / or managing and / or leasing to others and / or dealing on them.
- Participating or contributing to global communication systems, such as: - submarine cables and satellites and obtaining capacities or circuits for using and / or managing and / or leasing to others and / or dealing on them.
- Dealing or contracting or participating with authorities, agencies, companies, organizations or any entity exercising an activity similar to or identical to the company's activities or relates or assists the company to achieve its purposes either in Arab Republic of Egypt or abroad.
- Managing, selling, leasing, purchasing, possessing, renting and dealing on any property and rights or benefit or right in any property. Including the movable and immovable property which could be acquired or owned by the company.
- Selling, purchasing and distributing of fixed line sets, mobile phones and computers, its peripherals, accessories and supplies, complementary devices and necessary spare parts and related maintenance works.
- Setting up voice, video and written data transmission networks and providing value-added services, content services, marketing, electronic signature and online money transfer.
- Investment properties for serving its purposes and executing its projects.

**1-3 Issuance of the condensed separate interim financial statements**

- These Condensed Separate Interim Financial Statements were approved by the company's Board of Directors for issuance on November 13, 2022

**2. BASIS OF PREPERATION OF THE CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS**

**2-1 Statement of compliance**

- These Condensed Separate Interim Financial Statements as of September 30, 2022 have been prepared in accordance with Egyptian Accounting Standard No.30 "Interim Financial Reporting" accordingly it is condensed comparative view to the annual separate financial statements for the company, and in the light of applicable Egyptian laws and regulations related to.
- These Condensed Separate Interim Financial Statements don't include all the required information needed for preparing the full annual financial statements and must be read with the separate annual financial statements as of December 31, 2021.
- The company's management also applied the special accounting treatment to deal with the effects of the liberalization of exchange rates contained in Appendix (B) of the Egyptian Accounting Standard No. (13) amended in 2015 "Effects of Changes in Foreign Currency Exchange Rates", where it was recognized within the cost of some items of assets Fixed on the date of liberating the exchange rate with the currency differences resulting from translating the balance of the existing obligations on the date of the

*Notes to the condensed Separate Interim Financial Statements  
For The Nine months ended September 30, 2022 (continued)*

*Translation from Arabic*

liberation of the exchange rate related to the acquisition of those assets. Also, it has been recognized within the items of other comprehensive income for the debit and credit currency differences resulting from the retranslation of the balances of monetary items that exist on September 30 2022 using the stipulated closing price in appendix B, less any currency translation differences recognized in the cost of fixed assets. This is because these differences were mainly caused by the decision to move the exchange rate, according to what is detailed in Explanation No. (32).

**2-2 Basis of measurement**

- These Condensed Separate Interim Financial Statements have been prepared under the historical cost basis, except for certain financial investments which are evaluated at fair value in according to the Egyptian Accounting Standards.
- For presentational purposes, the current and non-current classification has been used for the condensed separate statement of Financial Position, while expenses are analysed in condensed separate statement of income using a classification based on their function. The direct method has been used in preparing the condensed separate statement of cash flows.

**2-3 Functional and presentation currency**

These Condensed Separate Interim Financial Statements are presented in Egyptian pound (LE), which is the Company's functional currency. All financial information presented in "L.E." has been rounded to the nearest thousands unless otherwise stated.

**2-4 Use of estimates and judgments**

The preparation of the condensed separate interim financial statements in conformity with Egyptian Accounting Standards that requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other various factors that are supposed to be reasonable under the circumstances, the results of these assumption represent the judgmental basis for the value of assets and liabilities that may not apparently available from other sources. The actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on ongoing basis. Accounting recognition estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods.

Information about the most significant accounts used the estimation and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the condensed separate interim financial statements is included in the following notes:

- Impairment of financial and non-financial assets.
- Provisions and contingencies.
- Deferred tax assets and liabilities.
- Operational useful life of fixed assets.

**2-5 Fair value measurement**

The fair value of financial instruments is determined based on the market value of the financial instrument or similar financial instruments at the date of the condensed separate interim financial statements without deducting any estimated future selling costs. The financial assets values are determined with the current purchase prices; however, the financial liabilities values are determined with the current prices that could settle these liabilities.

In case there is no active market to determine the fair value of the financial instruments, the fair value is estimated using different valuation techniques taking into consideration the prices of the latest transactions and use the current fair value of the similar financial instruments as guideline – the discounted cash flows technique or any other valuation methods that results reliable values.

When the discounted cash flows are used as a valuation technique, the future cash flows are estimated based on the management best estimate. The discount rate used is determined in line with the market rate at the date of the financial statements for the similar financial instruments in nature and conditions.

**2-6 Segment reporting**

Operating activities related to the company is managed by operating segments at the group activates level as integrated activity, based on the nature of product and the service provided. The segment reporting is prepared according to services provided by activities as a group as follows:

- Communications, marine cables and infrastructure services.
- Internet services.
- Outsourcing services

Notes to the condensed Separate Interim Financial Statements  
For The Nine months ended September 30, 2022 (continued)

Translation from Arabic

### 3. OPERATING REVENUES

	<u>For the nine months ended:</u>		<u>For the three months ended:</u>	
	<u>30/9/2022</u>	<u>30/9/2021</u>	<u>30/9/2022</u>	<u>30/9/2021</u>
	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Home and personal communications	4 644 424	3 902 135	1 625 133	1 375 360
Enterprise	1 787 028	1 701 875	617 219	466 847
Domestic wholesale	10 683 474	9 389 162	3 631 738	3 338 666
International carriers	3 462 106	3 133 933	1 128 502	984 722
International cables and networks	3 434 052	1 358 213	1 987 799	377 871
	<u>24 011 084</u>	<u>19 485 318</u>	<u>8 990 391</u>	<u>6 543 466</u>

Total operating revenues have increased by an amount of L.E. 4 525 766 K due to the increase in international cables and networks revenues by an amount of L.E 2 075 839 K. and domestic wholesale revenues by an amount of L.E 1 294 312 K due to the increase in access service and infrastructure revenues in addition to the increase in home and personal communications revenues by an amount of L.E. 742 289 K due to the increase in revenues resulting from fixed line and rendering mobile phone service and international carriers revenues by an amount of L.E. 328 173 K, and the increase in enterprise revenues by an amount of L.E. 85 153 K .

### 4. OPERATING COSTS

	<u>For the nine months ended :</u>		<u>For the three months ended :</u>	
	<u>30/9/2022</u>	<u>30/9/2021</u>	<u>30/9/2022</u>	<u>30/9/2021</u>
	<u>L.E. (000)</u>	<u>Reclassified</u> <u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>Reclassified</u> <u>L.E. (000)</u>
Interconnection cost	4 827 734	4 436 947	1 640 418	1 469 637
Depreciation and amortization	4 621 076	3 747 867	1 580 045	1 321 996
Salaries and wages *	1 831 374	1 518 501	650 696	483 018
Company's social insurance contribution *	201 914	174 329	65 637	57 698
Frequencies and licenses charges (NTRA)	1 289 495	627 609	512 813	225 215
Other operating cost *	2 590 815	2 107 937	931 087	719 997
	<u>15 362 408</u>	<u>12 613 190</u>	<u>5 380 696</u>	<u>4 277 561</u>

Operating costs have increased by an amount of L.E. 2 749 218 K mainly due to the following: -

- The increase in interconnection cost by an amount of L.E. 390 787 K which is mainly due to the increase in cost of international fees of transit service by an amount of L.E. 363 941 K.
- The increase in the depreciation and amortization item by an amount of L.E 873 209 K due to the additions of the last quarter of the previous year and the current period.
- The increase in salaries and wages item by an amount of L.E 312 873 K mainly resulting from the annual increases during the period.
- The increase in frequencies and licenses charges (NTRA) item by an amount of L.E 661 886 K. due to the amendments of the license's charges according to the renewal of the licenses granted to the company in the third quarter of the previous year in addition to the increase in operating revenues which represent the basis for calculating these fees.
- The increase in the other operating cost by an amount of L.E. 482 878 K which is mainly due to the increase in IRU right of use item by an amount of L.E. 222 411 K and organizations services costs item by an amount of L.E. 92 239 K.

\*Reclassification was made to comparative figures as shown in Note no (31-2).

Notes to the condensed Separate Interim Financial Statements  
For The Nine months ended September 30, 2022 (continued)

Translation from Arabic

**5. SELLING AND DISTRIBUTION EXPENSES**

	<u>For the nine months ended :</u>		<u>For the three months ended :</u>	
	<u>30/9/2022</u>	<u>30/9/2021</u>	<u>30/9/2022</u>	<u>30/9/2021</u>
		<u>Reclassified</u>		<u>Reclassified</u>
	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Salaries and wages*	894 165	706 649	305 683	228 947
Company's social insurance contribution*	98 224	85 333	31 497	28 228
Advertising and marketing	317 009	303 356	94 365	103 852
Organizations services costs	351 353	363 006	129 199	121 768
Agents' commissions and collection organizations	355 296	298 106	130 300	105 405
Depreciation & Amortization	26 382	23 650	8 892	8 477
Other selling and distribution expenses*	133 076	153 183	47 881	64 855
	<u>2 175 505</u>	<u>1 933 283</u>	<u>747 817</u>	<u>661 532</u>

The increase in selling and distribution expenses by an amount of L.E 242 222 K mainly due to the increase in salaries and wages item by an amount of L.E 187 516 K mainly due to the annual increases during the period in addition to the increase in Agents' commissions and collection organizations item by an amount of L.E 57 190 K and advertising and marketing by an amount of L.E 13 653 K.

\*Reclassification was made to comparative figures as shown in Note no (31-2).

**6. GENERAL AND ADMINISTRATIVE EXPENSES**

	<u>Note</u>	<u>For the nine months ended :</u>		<u>For the three months ended :</u>	
		<u>30/9/2022</u>	<u>30/9/2021</u>	<u>30/9/2022</u>	<u>30/9/2021</u>
	<u>No.</u>		<u>Reclassified</u>		<u>Reclassified</u>
		<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Salaries and wages*		1 465 149	1 327 550	519 271	419 421
Company's social insurance contribution*		135 181	118 425	44 117	39 144
The company's contribution in loyalty and belonging fund	( 9)	150 000	150 000	50 000	50 000
Depreciation & Amortization		42 701	29 479	14 052	13 105
Tax and duties		143 665	121 746	64 816	42 918
Organizations services costs and consultants		368 962	281 805	138 141	109 588
Other general and administrative expenses*		207 995	164 827	91 288	61 499
		<u>2 513 653</u>	<u>2 193 832</u>	<u>921 685</u>	<u>735 675</u>

The increase in general and administrative expenses by an amount of L.E 319 821 K mainly due to the increase of salaries, wages item by an amount of L.E 137 599 K mainly due to the annual increases during the period in addition to the increase in organizations services cost and consultants item by an amount of L.E 87 157 K and Tax and duties by an amount of L.E. 21 919 K.

\*Reclassification was made to comparative figures as shown in Note no (31-2)

## 7. NET FINANCE COST

The increase in net finance cost by an amount of L.E 1 269 870 K during the period is mainly due to the increase in net translation loss of foreign currencies balances and transactions by an amount of L.E 1 228 340 K, and an increase in the debit interest by an amount of L.E. 50 271 K, however the increase in financing interest income of the present value of L.E. 53 485 K.

\*Reclassification was made to comparative figures as shown in Note no (31-2).

## 8. INCOME FROM INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

	<u>For the nine months ended :</u>		<u>For the three months ended :</u>	
	<u>30/9/2022</u>	<u>30/9/2021</u>	<u>30/9/2022</u>	<u>30/9/2021</u>
	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>
<b><u>8-1 Income from investment in subsidiaries</u></b>				
WE-Data	218 500	50 000	-	-
Middle East Radio Communication (Merc)	2 729	5 372	-	-
The Egyptian Telecommunication Company for information system (Xceed)	62 500	62 500	-	-
Centra for Technology ( Centra )	2 938	4 921	-	-
<b><u>8-2 Income from investment in associates</u></b>				
Vodafone Egypt Telecommunications Company	1 301 896	4 494 575	-	-
	<u>1 588 563</u>	<u>4 617 368</u>	<u>-</u>	<u>-</u>

This income is represented in the company's share in the cash dividends from investment in those companies according to the resolutions of the General Assembly of investees.

## 9. EMPLOYEE'S BENEFITS

### **End of service benefits (Company's Contribution in Loyalty & Belonging Fund)**

The employees are granted an end of service benefits through a Loyalty & belonging Fund established in January 2004. Employees' benefit is based on the employees' basic salary in January 1, 2015 increasing annually at a compound rate of 5%. The subscription for employees hired after January 1, 2015 is calculated according to a subscription schedule for new hires and increase annually at a compound rate of 5% starting from the next year of the hiring date with the same conditions of periodical raise of employees. The employees share in loyalty & belonging fund according to constant subscription are based on the same employees' basic salary where the end of service benefit calculated. The company's share represents annual defined contribution and the company had contributed by an amount of L.E 150 000 K for the period ended in September 30, 2022 (against an amount of L.E. 150 000 K for the same period of 2021).

Notes to the condensed Separate Interim Financial Statements  
For The Nine months ended September 30, 2022 (continued)

Translation from Arabic

**10. BASIC AND DILUTED EARNING PER SHARE.**

	<u>For the nine months ended :</u>		<u>For the three months ended :</u>	
	<u>30/9/2022</u>	<u>30/9/2021</u>	<u>30/9/2022</u>	<u>30/9/2021</u>
Net profit for the period (LE in thousand)	3 251 550	6 273 002	655 648	792 247
Number of shares available during the period (share)	1707 071 600	1707 071 600	1707 071 600	1707 071 600
Basic and diluted earnings per share for the period (LE / share)	<u>1.90</u>	<u>3.67</u>	<u>0.38</u>	<u>0.46</u>

**11. FIXED ASSETS**

Description	30/9/2022	30/9/2021	30/9/2022	30/9/2021	30/9/2022	30/9/2021	31/12/2021
	Cost	Cost	Accumulated depreciation	Accumulated depreciation	Net	Net	Net
	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>
Land	2 386 374	2 338 916	-	-	2 386 374	2 338 916	2 386 374
Buildings & Infrastructure	43 815 117	39 802 640	19 786 406	18 006 813	24 028 711	21 795 827	23 182 063
Centrals & information technologies equipment	34 450 804	33 022 658	18 043 215	18 257 204	16 407 589	14 765 454	16 203 723
Vehicles	289 023	257 249	112 407	112 187	176 616	145 062	144 562
Furniture	517 341	492 564	365 672	335 456	151 669	157 108	164 995
Tools & supplies	245 918	225 780	169 681	133 997	76 237	91 783	86 529
<b>Total</b>	<u>81 704 577</u>	<u>76 139 807</u>	<u>38 477 381</u>	<u>36 845 657</u>	<u>43 227 196</u>	<u>39 294 150</u>	<u>42 168 246</u>

- The increase in net carrying value of fixed assets mainly due to the additions during the period by an amount of L.E.4 309 589 K, however the depreciation of the period by an amount of L.E. 3 660 910 K led to limitation of this increase.
- The cost of fixed assets as of September 30, 2022 includes an amount of L.E. 14 844 Million fully depreciated fixed assets and still in use.
- The fixed assets includes an amount of L.E 654 244 K, which is represented in the currency differences resulting from the translation of obligations in foreign currencies existing on the date of the exchange rate liberation and related to the acquisition of these assets Note No. (32-2).

**12. PROJECTS IN PROGRESS**

	<b>30/9/2022</b>	<b>31/12/2021</b>
	<b><u>LE (000)</u></b>	<b><u>LE (000)</u></b>
Land	324 945	199 148
Buildings and Infrastructure	1 659 421	1 130 331
Furniture	606	-
Tools and supplies	3 109	4 590
Centrals and information technology equipment	2 099 748	2 383 093
Other Assets	1 134 093	641 274
Advanced payments - fixed assets	1 967 820	1 772 714
	<b><u>7 189 742</u></b>	<b><u>6 131 150</u></b>

The balance of projects in progress is represented in the part that has been executed from capital commitments and contracts, and the advanced payment until September 30, 2022.

- The balance of projects in progress includes an amount of L.E 135 024 K, representing the currency differences resulting from the translation of obligations in foreign currencies existing on the date of the exchange rate liberation and related to the acquisition of these assets Note No. (32-2).

**13. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES**

	<b>30/9/2022</b>		<b>31/12/2021</b>	
	<b><u>Ownership</u></b>	<b><u>Amount</u></b>	<b><u>Ownership</u></b>	<b><u>Amount</u></b>
	<b><u>%</u></b>	<b><u>L.E. (000)</u></b>	<b><u>%</u></b>	<b><u>L.E. (000)</u></b>
<b>13-1 Investments in subsidiaries</b>				
- Telecom Egypt France (TE France)	100.00	69 220	100.00	69 220
- WE Data	99.99	252 461	99.99	252 461
- TE Investment Holding	99.99	39 998	99.99	39 998
- Egyptian international submarine cables company (Eiscc)	99.00	267 578	99.00	267 578
- Egyptian telecommunication integrated services company	98.00	246	98.00	246
- Egyptian Telecommunication for Information System (Xceed)	97.66	31 250	97.66	31 250
- Centra Technology ( centra )	58.76	14 737	58.76	14 737
- Middle East Radio Communication ( Merc)	49.00	7 350	49.00	7 350
<b>13-2 Investments in associates</b>				
- Wataneya for Telecommunications	50.00	125	50.00	125
- Vodafone Egypt Telecommunications Company	44.95	5 960 054	44.95	5 960 054
- Egypt Trust	35.71	10 000	35.71	10 000
		<b><u>6 653 019</u></b>		<b><u>6 653 019</u></b>
<b>Less:</b>				
Impairment loss on investments of subsidiaries and associates*		7 894		7 894
		<b><u>6 645 125</u></b>		<b><u>6 645 125</u></b>

\*Impairment loss on investments of subsidiaries and associates is formed for Telecom Egypt France (TE France) by an amount of L.E 269 K and Egypt Trust by an amount of L.E 7 500 K and Wataneya for Telecommunications by an amount of L.E. 125 K.

Notes to the condensed Separate Interim Financial Statements  
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Translation from Arabic

#### 14. OTHER ASSETS

	<b>30/9/2022</b>	<b>31/12/2021</b>
	<b><u>L.E. (000)</u></b>	<b><u>L.E. (000)</u></b>
<b><u>Cost</u></b>		
Licenses granted for mobile services	14 524 206	11 084 380
Usufruct (Projects)	475 606	315 536
Right of use assets (lease)	1 028 451	949 763
Submarine cables (right of way)	2 027 219	2 061 810
Right of way ( National )	540 189	540 308
Land (possession-usufruct)	440 684	440 684
Licenses and programs	-	104 551
	<b><u>19 036 355</u></b>	<b><u>15 497 032</u></b>
<b><u>Less:</u></b>		
Accumulated amortization	4 425 639	3 500 941
<b>Net carrying amount</b>	<b><u>14 610 716</u></b>	<b><u>11 996 091</u></b>

- The increase in net carrying value of other assets mainly due to the increase in Licenses granted for mobile services by an amount of L.E 3 439 826 K.
- Other assets cost includes at September 30, 2022 an amount of L.E 210 million, other assets fully amortized and still in use in operating.
- The other assets include an amount of L.E 214 419 K, representing the currency differences resulting from the translation of obligations in foreign currencies existing on the date of the exchange rate liberation and related to the acquisition of these assets Note No. (31-2).

#### 15. INVENTORIES

	<b>30/9/2022</b>	<b>31/12/2021</b>
	<b><u>L.E. (000)</u></b>	<b><u>L.E. (000)</u></b>
Spare parts	790 082	726 508
Material supplies, Merchandise for sale and Letters of credit	1 568 138	1 205 640
Others	17 410	20 236
	<b><u>2 375 630</u></b>	<b><u>1 952 384</u></b>

The value of inventories was written down by an amount of L.E. 177 425 K (against L.E. 113 095 K as at December 31, 2021) for obsolete and slow-moving items directly from the cost of each type of related inventory.

Notes to the condensed Separate Interim Financial Statements  
For The Nine months ended September 30, 2022 (continued)

Translation from Arabic

**16. TRADE AND NOTE RECEIVABLES**

	<b>30/9/2022</b>	<b>31/12/2021</b>
	<b>L.E. (000)</b>	<b>L.E. (000)</b>
Trade Receivables - National	4 030 795	3 780 592
Trade Receivables - International	4 271 413	2 924 903
	<b>8 302 208</b>	<b>6 705 495</b>
<b><u>Add:</u></b>		
Notes receivable	245 202	-
	<b>8 547 410</b>	<b>6 705 495</b>
<b><u>Less:</u></b>		
Expected credit loss provision	2 063 743	1 944 129
	<b>6 483 667</b>	<b>4 761 366</b>

Trade and note receivables balance has increased by an amount of L.E 1 722 301 K mainly due to the increase in international cables and networks by an amount of L.E 1 023 837 K, international carriers by an amount of L.E 322 673 K, Enterpris by an amount of LE. 192 522K and home and personal communications by an amount of L.E 58 482 K.

**17. DEBTORS AND OTHER DEBIT BALANCES**

	<b>30/9/2022</b>	<b>31/12/2021</b>
	<b>LE (000)</b>	<b>LE (000)</b>
Suppliers – debit balances	1 552 716	556 978
Deposites with others	300 737	305 890
Accrued revenues	12 704	4 932
Tax Authority - value added tax	886 546	904 916
Tax Authority - withholding tax	1 019 820	1 310 159
Due from ministries, organizations and companies	879 712	432 307
Temporary debts due from employees	591 890	693 720
Other debit balances	1 008 058	807 380
	<b>6 252 183</b>	<b>5 016 282</b>
<b><u>Less:</u></b>		
Expected credit loss provision	96 987	99 679
	<b>6 155 196</b>	<b>4 916 603</b>

Debtors and other debit net balances have increased by an amount of L.E. 1 238 593 K mainly due to the increase in Suppliers – debit balances by an amount of L.E 995 738, due from ministries, organizations and companies' item by an amount of L.E. 447 405 K, however the decrease in the item of the Tax Authority – withholding tax by an amount of L.E. 290 339 K and temporary debts due from employees' item by an amount of L.E 101 830 K led to the limitation of this increase.

Notes to the condensed Separate Interim Financial Statements  
For The Nine months ended September 30, 2022 (continued)

Translation from Arabic

## 18. CASH AND CASH EQUIVALENTS

	Note	30/9/2022	31/12/2021	30/9/2021
	No.	L.E. (000)	L.E. (000)	L.E. (000)
Banks - time deposits (less than 3 months)		109 073	552 223	121 641
Banks - current accounts		1 742 993	914 722	1 006 957
Cash on hand		6 897	2 243	6 777
Financial assets at amortized cost -treasury bills (less than 3 months)		-	846 642	-
<b>Cash and cash equivalents</b>		<b>1 858 963</b>	<b>2 315 830</b>	<b>1 135 375</b>
<b>Less:</b>				
Restricted time deposits and current accounts at banks	(27)	42 573	40 959	43 911
<b>Cash and cash equivalents as per cash flows statement</b>		<b>1 816 390</b>	<b>2 274 871</b>	<b>1 091 464</b>

## 19. LOANS AND CREDIT FACILITIES

The increase in the balance of loans and credit facilities by an amount of L.E 3 939 864 K due to the increase in both of foreign loans balance by an amount of L.E. 955 708 K due to the exchange rate liberalization on March 21 2022 and the increase in proceeds within the period of loans and credit facilities with local and foreign currencies amounted to L.E. 2 984 156 K, where loans and credit facilities with local and foreign currencies in September 30, 2022 amounted to L.E. 20 202 491 K (against LE 16 262 627 K at December, 31 2021) due within a year by an amount of L.E. 7 423 343 K.

## 20. CREDITORS AND OTHER CREDIT BALANCES

	30/9/2022	31/12/2021
	L.E. (000)	L.E. (000)
Suppliers	1 717 165	1 566 329
Tax Authority (taxes other than income tax)	1 670 267	754 549
Deposits from others	581 442	559 732
Liabilities of early retirement scheme	1 971	24 385
Assets creditors	11 125 470	11 061 305
Accrued interest	170 975	63 632
Accrued expenses	651 201	1 114 721
Public Authority for Social Insurance	70 667	56 392
Trade receivables - credit balances	2 159 672	1 099 109
Credit balances- organizations and companies	265 609	277 034
Deferred revenue	1 778 536	495 685
National Telecommunication Regulatory Authority (NTRA)	1 122 610	707 981
Other credit balances	638 989	592 658
	<b>21 954 574</b>	<b>18 373 512</b>
<b>balances due within more than one year:</b>		
Assets creditors	4 399 953	4 139 703
Deffered revenue	23 617	25 359
<b>Non current creditors and other credit balances</b>	<b>4 423 570</b>	<b>4 165 062</b>
<b>Current creditors and other credit balances</b>	<b>17 531 004</b>	<b>14 208 450</b>
<b>Total creditors and other credit balances</b>	<b>21 954 574</b>	<b>18 373 512</b>

Creditors and other credit balances have increased by an amount of L.E. 3 581 062 K mainly due to the increase in deferred revenue item by an amount of L.E 1 282 851 K, tax authority item (taxes other than income tax) by an amount of L.E. 915 718 K, suppliers item by an amount of L.E. 150 836 K and trade receivables – credit balances item by an amount of L.E.1 060 563 K, National Telecommunication Regulatory Authority (NTRA) item by an amount of L.E 414 629 K, Assets creditors item by an amount of L.E 64 165 K, however the decrease in Accrued expense item by an amount of L.E 463 520 K, led to the limitation of this increase.

**21. Lease Liabilities**

The Present Value of the total liabilities from the ROU as follow:

	<b>30/9/2022</b>	<b>31/12/2021</b>
	<b><u>L.E. (000)</u></b>	<b><u>Reclassified</u></b>
		<b><u>L.E. (000)</u></b>
Beginning balance of Present value for lease liabilities	949 763	767 196
Additions	78 841	182 567
Payments	( 589 443)	( 451 981)
Lease liabilities interest	309 410	248 742
<b>Lease liabilities</b>	<b><u>748 571</u></b>	<b><u>746 524</u></b>
<b><u>Net present value of lease liabilities contracts</u></b>		
<b>Current Liabilities</b>	<b><u>135 262</u></b>	<b><u>116 462</u></b>
<b>Non Current Liabilities</b>	<b><u>613 309</u></b>	<b><u>630 062</u></b>

\*Reclassification was made to comparative figures as shown in Note no (31-1)

**22. PROVISIONS**

	<b>30/9/2022</b>	<b>31/12/2021</b>
	<b><u>L.E. (000)</u></b>	<b><u>L.E. (000)</u></b>
Balance at the beginning of the period / year	1 039 354	852 201
Reclassification during the period/year	138 319	229 343
Used during the period / year	( 221 337)	( 361)
Provisions no longer required	( 143 665)	( 41 829)
<b>Balance at the end of the period / year</b>	<b><u>812 671</u></b>	<b><u>1 039 354</u></b>

**23. CAPITAL**

-The company's issued and fully paid-up capital is L.E. 17 070 716 K, represented in 1 707 071 600 shares at a par value of LE 10 each, The Egyptian Government owns 80% after floating 20% of company's shares in public offering during December 2005.

**24. RESERVES**

	<b>30/9/2022</b>	<b>31/12/2021</b>
	<b><u>L.E. (000)</u></b>	<b><u>L.E. (000)</u></b>
Legal reserve	2 571 623	2 223 826
Other reserves	2 787 550	2 787 550
	<b><u>5 359 173</u></b>	<b><u>5 011 376</u></b>

\*The balance of legal reserve has increased as a result of retaining an amount of L.E. 347 797 K from the profit of 2021 in accordance with the company's articles of association.

**25. DEFERRED TAX****25-1 Recognized deferred tax assets and liabilities**

	<u>30/9/2022</u>		<u>31/12/2021</u>	
	Assets	Liabilities	Assets	Liabilities
	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>
Total deferred tax asset / (liability)	808 723	(1 681 026)	134 515	(1 530 964)
Net deferred tax liability	-	(872 303)	-	(1 396 449)
Deferred tax charged to the statement of income for the period / year		105 717		(247 972)
Deferred tax charged to the statement of comprehensive income for the period / year		418 429		-

**25-2 Unrecognized deferred tax assets**

	<u>30/9/2022</u>	<u>31/12/2021</u>
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
	Unrecognized deferred tax assets	<u>416 248</u>

Deferred tax assets have not been recognized for temporary differences resulting from temporary differences and mainly due to the value of the expected credit losses of the trade receivables item due to uncertainty of utilization of their benefits in the foreseeable future.

**26. CAPITAL COMMITMENTS**

The company's capital commitments for the unexecuted parts of contracts until September 30, 2022 amounted to L.E. 938 million (against L.E.257 million at the year ended December 31, 2021).

**27. CONTINGENT LIABILITIES**

In addition to the amounts included in the condensed separate statement of financial position, the company has the following contingent liabilities as at September 30, 2022:

	<u>30/9/2022</u>	<u>31/12/2021</u>
	<u>LE (000)</u>	<u>LE (000)</u>
- Letters of guarantee issued by banks on behalf of the company	2 382 368	2 357 470
- Letters of credit	2 237 801	876 808

\*Letters of guarantee which were issued against restricted cash and equivalent as balance (Note No.18)

## **28. TAX POSITION**

### **28-1 Corporate tax**

- Tax inspection was performed for the years till December 31, 2018 and tax differences due this years have been paid, and fines are being settled after the application of law 153 for the year 2022 to bypass the fines due for thses years.
- No Tax inspection has been performed for the years from january 1 , 2019 to December 31 , 2021.
- Tax returns are submitted according to the income Tax Law No. 91 of 2005 , its amendments and its executive regulations , and the tax due is paid on the due dates .

### **28- 2 Value Added Tax \ Sales Tax**

- Tax inspection was performed for the years till December 31, 2017 and the tax differences were settled and the company didn't pay the additional tax for years 2016 and 2017.
- Tax returns were submitted according to the value added tax lawand according to the law No. 206 of 2020 by issuing the unified tax procedures law , and the tax due, if any, is paid on the due dates.

### **28- 3 Income Tax**

- Tax inspection was performed for the years till December 31,2014 and the Company was notified with assessment basis, tax differences and all due taxes were settled.
- Tax inspection for the years 2015 and 2016 is in processing processing and no claims or forms have been issued to date.
- The company is regular in deducting tax and remitting it on legal dates according to the law No. 91 of 2005 its amendments and its executive regulations ,the tax settlement is also submitted according to the law No. 206 of 2020 by issuing the unified tax procedures law.

### **28- 4 Stamp Tax**

- Tax inspection for the period from March 27, 1998 to December 31, 2000 was performed for certain sectors and the company was notified with assessment basis, the company objected and apealed on the disputed items on the due dates.
- Tax inspection for the period from January 1, 2001 till July 31, 2006 was performed for certain sectors of the company and taxes due were settled. Tax inspection for the remaining sectors is currently being undertaken for the same period.
- Tax inspection for period from August 1, 2006 to December 31, 2018 was performed and the tax differences were settled.

### **28- 5 Real Estate Tax**

- All taxes are paid according to the addition decisions received by the company. The company's Legal Department follows up the disputes according to the real estate tax law.
- Tax returns were submitted according to the new real estate tax law No.196 for year 2008 , the tax due is also paid on the due dates.

Provisions were formed to meet any tax liabilities that may arise from the tax inspection

Notes to the Condensed Separate Interim Financial Statements  
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29.

**RELATED PARTY TRANSACTIONS**

There are transactions between Telecom Egypt and its subsidiaries and associates and such transactions are approved by the company's management, the following statement contain the most important transactions during the financial period and the balances shown in the separate interim financial statements date:

**Transactions with subsidiaries & associates**

	Amount of transactions during the period stated in the income statement L.E. 000	Nature of transaction during the period	Movement during the period Debit L.E. 000	Credit L.E. 000	Balance as of 30/9/2022 Debit/(Credit) L.E. 000	Balance as of 31/12/2021 Debit/(Credit) L.E. 000
<b>Debit balances due from subsidiaries and associates</b>						
- Egyptian Telecommunication Company for Information Systems	47 082	Services rendered from subsidiary company	598 194	1 034 838	(957 741)	(521 097)
- Egyptian Telecommunication Company for Information Systems	43 149	Lease of subsidiary company premises, electricity claims, maintenance and leased circuits and selling fixed assets	1 429 485	228 711	1 505 713	304 939
	3 085	Maintenance & supplying devices	2 027 679	1 263 549	547 972	(216 158)
			12 011	3 522	6 516	(1 973)
			2 039 690	1 267 071	554 488	(1 265 581)
<b>Credit balances due to subsidiaries and associates</b>						
- WE Data	13 824	Participation contract and Purchasing of fixed assets and services rendered from subsidiaries company	11 764 092	14 446 519	(8 549 648)	(5 867 221)
- WE Data	6 440 267	Leased circuits and information transfer network rendered	11 738 646	11 589 677	316 636	167 657
			23 502 738	26 036 196	(8 233 022)	(5 699 564)
- TE Data Jordan	46 974	Participation contract	11 924	70 687	(59 403)	(640)
- TE Data Jordan	8 198		725	-	725	-
	14	Leased sites for subsidiary company	12 649	70 687	(58 678)	(640)
- Egyptian International Submarine Cables Company ( EISCC )		Purchasing of intangible assets from subsidiaries company	14	-	14	-
- Egyptian International Submarine Cables Company ( EISCC )		Part of expenses and debts on behalf of parent company	-	-	(2 768)	(2 768)
- Egyptian International Submarine Cables Company ( EISCC )			2	-	3	1
			16	-	(2 751)	(2 767)
	153 912	Maintenance & supplying devices	201 227	213 704	(117 642)	(105 165)
- Centra for Technologies	2 797	Leased of information circuits	3 189	3 189	-	-
- Middle East Radio Communication (MERC)	146 446	Rendered services from subsidiary company	269 948	258 534	(13 406)	(24 820)
- T E investment Holding	17	Leased sites for subsidiary company	17	24	(12)	(5)
			269 965	258 558	(13 418)	(24 825)
- TE France	22 208	Participation contract	21 409	37 350	(95 987)	(80 046)
- TE Globe	2 907	Participation contract	1 836	4 125	(3 940)	(1 651)
- Mena Cable	8 981	Maintenance - Rendered services from subsidiary company	40 889	161 038	(174 570)	(54 421)
- Mena Cable	1 262	Non recurring fees	1 357	12 179	(21 152)	(10 330)
- Mena Cable		Part of expenses on behalf of parent company	29 366	117 265	(114 443)	(26 544)
- Mena Cable		Prepayment	-	819	(634)	185
- Mena Cable	2 699	IRU Equipment upgrade - Rendered services from subsidiary company	4 153	-	8 913	4 760
- Mena Cable		Maintenance - Rendered services to subsidiary company	75 765	291 301	(889 587)	(587 701)
- Vodafone Egypt Telecommunications Company	1 146 515	Outgoing calls and voice services for associate company	7 086 545	6 359 781	(320 686)	(1 047 450)
- Vodafone Egypt Telecommunications Company	2 459 346	Incoming international calls, claims, transmissions, lease of locations and towers for the associate company	31 175 339	33 274 891	(9 735 711)	(7 854 290)

\*The amount of the transaction during the year which recorded in income statement doesn't include VAT.

**30 – DISPUTES AND LITIGATIONS:****The Existing Remedy lawsuit between Telecom Egypt “TE”, Etisalat Misr Company & its subsidiaries: the EGY Net and Nile on Line)**

The aforementioned telecom operators “ companies” (Etisalat’s Misr and its subsidiaries) filed a lawsuit “in the Economic Court” against Telecom Egypt on January 18, 2019 , based on the decision of the Egyptian Competition Protection Authority “ECA” on March 8, 2016, where the claiming companies had filed a complaint with the ECA against TE on the basis that the TE’s has carried out practices that restrict competition in the Egyptian market, and the ECA decision to prove the violation of Telecom Egypt.

where the claiming companies ( Etisalat misr and other subsidiary ) claim that Telecom Egypt implemented the process of replacing and installing the modern fiber-optic cable “MSAN” network suddenly replaces and swapped the copper cables infrastructure without prior notification or coordination, which entailed cutting off the service for the clients of the claiming operators , and at the May 28, 2019 case session, the court decided to reserve the lawsuit for the judgment for the June 25, 2019 session, so that the court issued a preliminary ruling delegating a tripartite experts committee. Which has been finalized and submitted its report officially to the court on the second half of January 2021, and still now the lawsuit is before the Economic Court in Cairo, On November 29, 2022 the session is being determined to consider before another experts committee

**The TE’s legal advisor** believes that a conciliation was concluded between the parties of the lawsuit to end the dispute consensually with the lawsuit completely and finally .

**31. Comparative figures**

- Reclassification was made to some of the comparative figures of condensed separate statement of financial position, The condensed separate interim financial statement of income and condensed separate statement of cash flows to conform to the current presentation of the condensed separate interim financial statements.
- The following is the effect of reclassification on the condensed separate interim financial statements:

**31-1 Effect on Separate statement of financial position**

	<u>For the period ended</u> 31/12/2021 <u>as previously</u> <u>reported</u> <u>(Debit)\ Credit</u> <u>LE(000)</u>	<u>Reclassification</u>  <u>(Debit)\ Credit</u> <u>LE(000)</u>	<u>For the period ended</u> 31/12/2021 <u>Reclassified</u> <u>(Debit)\ Credit</u> <u>LE(000)</u>
Deferred tax assets	( 134 515)	134 515	-
Deferred tax liabilities	1 530 964	( 134 515)	1 396 449
Creditors and other credit balances	19 667 329	(1 293 817)	18 373 512
Lease obligations	-	746 524	746 524
Accrued income tax	-	547 293	547 293

### 31-2 Effect on Separate statement of income

	For the nine months ended		For the nine months ended		For the three months ended		For the three months ended	
	30/9/2021 as previously reported (debit) / credit <u>LE(000)</u>	Reclassification (debit) / credit	30/9/2021 Reclassified (debit) / credit <u>LE(000)</u>	30/9/2021 as previously reported (debit) / credit <u>LE(000)</u>	Reclassification (debit) / credit	30/9/2021 Reclassified (debit) / credit <u>LE(000)</u>		
Operating Costs	(12 507 162)	(106 028)	(12 613 190)	(4 124 958)	(152 603)	(4 277 561)		
Selling and distribution expenses	(1 870 585)	(62 698)	(1 933 283)	(609 839)	(51 693)	(661 532)		
General and administrative expenses	(2 362 558)	168 726	(2 193 832)	(939 971)	204 296	(735 675)		
Expected credit loss Provision	-	(65 056)	(65 056)	-	(5 719)	(5 719)		
Net finance cost	(577 844)	65 056	(512 788)	(165 625)	5 719	(159 906)		

### 31-3 Effect on Separate statement of cash flows

	For the period ended		Reclassification		For the period ended	
	30/9/2021 as previously reported <u>LE(000)</u>	30/9/2021 Reclassified <u>LE(000)</u>	30/9/2021 as previously reported <u>LE(000)</u>	Reclassification <u>LE(000)</u>	30/9/2021 Reclassified <u>LE(000)</u>	
Cash flows from investing activities	(108 422)	(108 422)	108 422	-	-	
Cash flows from financing activities	-	-	(108 422)	(108 422)	(108 422)	

## 32- SIGNIFICANT EVENTS

### 32-1 The effect of the exchange rate liberalization

The Central Bank decided in its session held on March 21, 2022, to drop the exchange rate of Egyptian pound to give flexibility to banks operating in Egypt to price the purchase and sale of foreign exchange within legitimate channels, and the indicative exchange rates announced by the Central Bank of the most important foreign currencies that the company deals with at the beginning of that day as follows:

	<u>SELL</u>	<u>BUY</u>
USD	18.27	18.17
EURO	20.17	20.06

Accordingly, the balances of assets and liabilities of monetary nature in foreign currencies have been evaluated in the financial statements for the financial period ending on March 31, 2022, and also, the company's business results affected in subsequent periods as a result.

In conjunction with the liberalization of the exchange rate, the Central Bank also raised the overnight deposit and lending rates by 100 basis points, to reach 9.25% and 10.25%, respectively. Which may affect the company's finance income and costs.

**32-2. The impact of applying appendix B of the Egyptian Accounting Standard No. (13) "Effects of Changes in Foreign Exchange Rates"**

On April 27, 2022, Prime Minister Decree No. 1568 of 2022 was issued to amend some provisions of the Egyptian Accounting Standards, which is the issuance of Appendix B of the Egyptian Accounting Standard No. (13) amended in 2015 "Effects of Changes in Foreign Exchange Rates", which deals with the treatment Special accounting treatment to deal with the effects of the liberalization of foreign exchange rates (31-1). This optional special accounting treatment issued in this appendix is not considered an amendment to the amended Egyptian accounting standards currently in effect, beyond the time period for the validity of this annex, and these treatments are as follows:

1. An entity that from the beginning of January 2020 until the date of moving the exchange rate has acquired fixed assets and/or real estate investments and/or exploration and evaluation assets and/or intangible assets (other than goodwill) financed by foreign currency liabilities, to recognize within The cost of those assets in the currency differences resulting from retranslation of the outstanding liability balance relating to them at the date of the exchange rate movement using the exchange rate at the date of the exchange rate movement. An entity can apply this option to each asset separately.
2. As an exception from the requirements of Paragraph No. "28" of the amended Egyptian Accounting Standard No. (13) "Effects of Changes in Foreign Exchange Rates" for the recognition of currency differences, an entity whose business results have been affected by a net currency difference gain or loss as a result of moving the currency exchange rate can recognize within items of other comprehensive income the debit and credit currency differences resulting from the retranslation of the balances of monetary items existing on March 31, 2022 using the closing price of appendix B, minus any currency translation differences that were recognized within the cost of assets in accordance with the previous paragraph. . This is because these differences resulted mainly from the decision to move the exchange rate.

**The application of those treatments has affected the Separate financial statements for the current period as follows:**

<b>Item</b>	<b>Before applying the accounting transaction</b>	<b>The impact of applying the accounting transaction</b>	<b>After applying the accounting transaction</b>
	<b>Debit / (credit)</b>	<b>Debit / (credit)</b>	<b>Debit / (credit)</b>
	<b><u>L.E(000)</u></b>	<b><u>L.E(000)</u></b>	<b><u>L.E(000)</u></b>
	<b><u>30/9/2022</u></b>		<b><u>30/9/2022</u></b>
<b>1-Statement of financial position</b>			
Fixed assets	42 572 952	654 244	43 227 196
Project in progress	7 054 718	135 024	7 189 742
Other assets	14 396 297	214 419	14 610 716
Deferred tax liabilities	(1 516 561)	644 258	(872 303)
Retained earnings	(13 148 171)	1 441 254	(11 706 917)

**2- Statement of income**

Finance cost	(4 742 025)	2 863 370	(1 878 655)
Depreciation and amortization	(4 604 788)	(85 371)	(4 690 159)

**3-Statement of comprehensive income**

Translation differences of foreign currency balances	-	1 859 683	1 859 683
Deferred tax on translation differences of foreign currency balances	-	( 418 429 )	( 418 429 )

**33- SUBSEQUENT EVENTS**

\*The Central Bank of Egypt decided in its session held on October 27, 2022, to announce the application of the flexible exchange rate system for pricing foreign exchange, provided that the prices of selling and buying currencies are determined in the Egyptian pound based on the conditions of supply and demand, and accordingly the exchange rate of the USD, for example, was taken to rise in against the Egyptian pound, which increased it from 19.69 L.E to about 23 L.E at the end of October 27, 2022..

\*\*The necessary accounting treatments will be prepared during the fourth quarter of the financial year of 2022 according to that decree or any new decrees in this regard, if any.

**34- SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in the preparation of the condensed separate financial statements as of September 30, 2022 is the same as the accounting policies applied in the preparation of the annual separate financial statements as of December 31, 2021, these accounting policies have been applied consistently to all periods presented in these condensed separate interim financial statements as of September, 30 2022 .

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