

telecomegypt®



*Translation from Arabic*

**Telecom Egypt Company**  
**(An Egyptian Joint Stock Company)**  
**Condensed Consolidated Interim Financial Statements**  
**For The Nine Months Ended September 30, 2023**  
**And Limited Review Report**

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**And Limited Review Report**

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**Hazem Hassan**  
Public Accountants & Consultants

B (105) – Avenue (2) – Smart Village  
Km 28 Cairo – Alex Desert Road  
Giza – Cairo – Egypt  
Postal Code : 12577

Telephone : (202) 35 37 5000 – 35 37 5005  
E-mail : Egypt@kpmg.com.eg  
Fax : (202) 35 37 3537  
P.O. Box : (5) Smart Village  
*Translation from Arabic*

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

***Introduction***

We have performed a limited review on the accompanying September 30, 2023, condensed interim consolidated financial statements of Telecom Egypt Company “an Egyptian joint stock company” and its subsidiaries “the Group”, which comprises:

- The condensed interim consolidated statement of financial position as of September 30, 2023;
- The condensed interim consolidated statements of income for the three months and nine months periods ended September 30, 2023;
- The condensed interim consolidated statements of comprehensive income for the three months and nine months periods ended September 30, 2023;
- The condensed interim consolidated statements of changes in equity for nine months periods ended September 30, 2023;
- The condensed interim consolidated statements of cash flows for nine months periods ended September 30, 2023;
- The notes to the condensed interim consolidated financial statements.

Management is responsible for the preparation and fair presentation of these condensed interim consolidated financial statements in accordance with Egyptian Accounting Standard number (30) “Interim Financial Reporting”. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our limited review.

***Scope of Limited Review***

Except for what will be explained in the basis for the qualified conclusion, 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 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 interim consolidated financial statements.



Hazem Hassan

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***Basis of Qualified Conclusion***

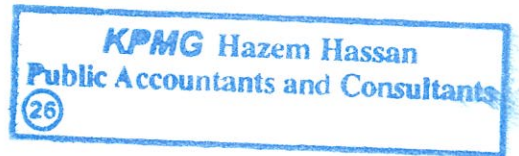
As explained in note no. (14) of the notes in the condensed interim consolidated financial statements, the company has Investments in Vodafone Egypt (Associate Company) which is accounted for by using the equity method in the condensed interim consolidated financial statement, and the group's share in the equity of the associate company was determined as of September 30, 2023, based on financial information prepared by the management of the associate company there was no limited review report issued by the associate company's external auditor.

***Qualified Conclusion***

Based on our limited review, except for the possible effect on the condensed interim consolidated financial statements of the matter described in the basis of qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying September 30, 2023, condensed interim consolidated financial statements do not present fairly, in all material respects, in accordance with Egyptian Accounting Standard number (30) "Interim Financial Reporting".

**KPMG Hazem Hassan  
Public Accountants & Consultants**

Cairo, November 14, 2023



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

	Note No.	30/9/2023 <u>L.E. (000)</u>	31/12/2022 <u>Reclassified L.E. (000)</u>
<b>Assets</b>			
<b>Non Current Assets</b>			
Fixed assets and projects under construction	(11)	68 135 187	58 847 317
Contract assets		1 737 721	1 348 006
Intangible assets ( licenses and frequencies)		14 771 771	15 119 378
Usufruct assets	(12)	6 289 857	4 425 070
Right of use assets ( lease contracts)	(13-1)	872 703	951 577
Investments in equity accounted investees	(14)	13 281 828	12 184 892
Financial assets at FVOCI		74 856	74 856
Debtors and other debit balances	(17)	77 339	67 921
<b>Total Non Current Assets</b>		<u><b>105 241 262</b></u>	<u><b>93 019 017</b></u>
<b>Current Assets</b>			
Inventories	(15)	4 974 696	4 280 512
Trade and notes receivable	(16)	9 780 091	8 154 841
Current income tax	(24-3)	303 947	490 982
Debtors and other debit balances	(17)	7 148 690	6 483 080
Cash and cash equivalents	(18)	10 511 306	6 811 305
<b>Total Current Assets</b>		<u><b>32 718 730</b></u>	<u><b>26 220 720</b></u>
<b>Total Assets</b>		<u><b>137 959 992</b></u>	<u><b>119 239 737</b></u>
<b>Equity</b>			
Capital	(22)	17 070 716	17 070 716
Reserves	(23)	5 858 045	5 490 375
Retained earnings		25 060 367	23 289 323
Foreign entities translation reserve		684 744	402 277
<b>Equity attributable to shareholders of the company</b>		<u><b>48 673 872</b></u>	<u><b>46 252 691</b></u>
<b>Non - controlling interest</b>		<u><b>16 131</b></u>	<u><b>15 159</b></u>
<b>Total Equity</b>		<u><b>48 690 003</b></u>	<u><b>46 267 850</b></u>
<b>Non Current Liabilities</b>			
Long term loans	(19)	21 083 376	20 411 441
Creditors and other credit balances	(20)	7 639 482	6 562 291
Lease obligations	(13-2)	758 851	820 864
Deferred tax liabilities	(24-1)	607 663	1 482 210
<b>Total Non Current Liabilities</b>		<u><b>30 089 372</b></u>	<u><b>29 276 806</b></u>
<b>Current Liabilities</b>			
Short term Loans and credit facilities	(19)	25 348 431	10 414 611
Creditors and other credit balances	(20)	32 057 289	31 064 495
Lease obligations	(13-2)	300 121	291 510
Credit balances to associates	(28-1)	204 772	677 662
Provisions	(21)	1 270 004	1 246 803
<b>Total Current Liabilities</b>		<u><b>59 180 617</b></u>	<u><b>43 695 081</b></u>
<b>Total Liabilities</b>		<u><b>89 269 989</b></u>	<u><b>72 971 887</b></u>
<b>Total Equity and Liabilities</b>		<u><b>137 959 992</b></u>	<u><b>119 239 737</b></u>

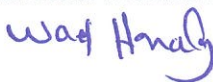
The accompanying notes on pages (6) to (28) are an integral part of these Condensed Consolidated Interim Financial Statements.

Director of Financial Affairs



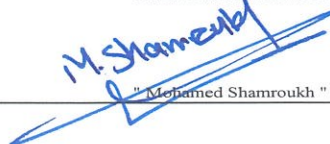
"Ehab Abdo "

Senior Director of Financial Affairs



" Wael Hanafy "

Chief Financial Officer



" Mohamed Shamroukh "

Managing Director &  
Chief Executive Officer



"Mohamed Nasr"

Board of Directors approval

Chairman



"Maged Osman"

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

	Note	<u>For the nine months ended:</u>		<u>For the three months ended:</u>	
		30/9/2023	30/9/2022	30/9/2023	30/9/2022
		<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>
Operating revenues	(3)	41 958 241	32 273 932	13 822 581	11 872 525
Operating costs	(4)	(24 125 731)	(18 241 134)	(8 099 672)	(6 374 307)
<b>Gross Profit</b>		<b>17 832 510</b>	<b>14 032 798</b>	<b>5 722 909</b>	<b>5 498 218</b>
Other operating income		377 865	422 691	167 500	111 674
Selling and distribution expenses	(5)	(3 306 750)	(2 706 330)	(1 116 790)	( 862 882)
General and administrative expenses	(6)	(3 855 074)	(2 997 887)	(1 360 907)	(1 089 546)
Other operating expenses		( 249 469)	( 73 482)	( 82 410)	( 4 686)
Expected credit loss		( 188 477)	( 67 937)	( 87 133)	( 111 142)
<b>Operating profit</b>		<b>10 610 605</b>	<b>8 609 853</b>	<b>3 243 169</b>	<b>3 541 636</b>
Finance income		530 074	127 582	153 431	31 634
Finance cost		(4 079 771)	(2 425 986)	(1 543 554)	(1 307 034)
<b>Net finance cost</b>	(7)	<b>(3 549 697)</b>	<b>(2 298 404)</b>	<b>(1 390 123)</b>	<b>(1 275 400)</b>
Share of profit of equity accounted investees	(8)	3 429 620	2 048 219	1 465 390	1 003 970
<b>Net profit for the period before income tax</b>		<b>10 490 528</b>	<b>8 359 668</b>	<b>3 318 436</b>	<b>3 270 206</b>
Current income tax		(1 310 171)	(1 986 492)	( 149 013)	( 577 467)
Deferred tax expense	(24-1)	( 26 612)	( 200 081)	( 715 087)	( 302 643)
<b>Total income tax</b>		<b>(1 336 783)</b>	<b>(2 186 573)</b>	<b>( 864 100)</b>	<b>( 880 110)</b>
<b>Net profit for the period after income tax</b>		<b>9 153 745</b>	<b>6 173 095</b>	<b>2 454 336</b>	<b>2 390 096</b>
<b><u>Profit attributable to :</u></b>					
Shareholders of the company		9 148 138	6 170 486	2 452 605	2 388 793
Non-controlling interest		5 607	2 609	1 731	1 303
<b>Net profit for the period after income tax</b>		<b>9 153 745</b>	<b>6 173 095</b>	<b>2 454 336</b>	<b>2 390 096</b>
<b>Basic and diluted earning per share for the period (L.E. / Share)</b>	(10)	<b>5.36</b>	<b>3.61</b>	<b>1.44</b>	<b>1.40</b>

The accompanying notes on pages (6) to (28) are an integral part of these Condensed Consolidated Interim Financial Statements.

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

	Note	<u>For the nine months ended :</u>		<u>For the three months ended :</u>	
		30/9/2023	30/9/2022	30/9/2023	30/9/2022
		<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		9 153 745	6 173 095	2 454 336	2 390 096
<b><u>Other Comprehensive Income items :</u></b>					
Translation differences of foreign entities		282 467	165 220	( 18 203)	16 060
Translation differences of foreign currency balances		(4 314 759)	(1 823 436)	369 776	41 325
Income tax on translation differences of foreign currency balances		69 662	( 249)	( 606)	( 249)
Deferred tax on translation differences of foreign currency balances	(24-1)	901 159	410 521	82 593	9 050
		<u>(3 343 938)</u>	<u>(1 413 164)</u>	<u>451 763</u>	<u>50 126</u>
Transferred to retained earnings during the period		3 343 938	1 413 164	( 451 763)	( 50 126)
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Comprehensive Income</b>		<b><u>9 436 212</u></b>	<b><u>6 338 315</u></b>	<b><u>2 436 133</u></b>	<b><u>2 406 156</u></b>
<b>Attributable to :</b>					
Shareholders of the company		9 430 605	6 335 706	2 434 402	2 404 853
Non-controlling interest		5 607	2 609	1 731	1 303
<b>Total Comprehensive Income</b>		<b><u>9 436 212</u></b>	<b><u>6 338 315</u></b>	<b><u>2 436 133</u></b>	<b><u>2 406 156</u></b>

The accompanying notes on pages (6) to (28) are an integral part of these Condensed Consolidated Interim Financial Statements.

**Telecom Egypt Company**  
(An Egyptian Joint Stock Company)  
**Condensed Consolidated Interim Statement of Changes in Equity**  
**For The Nine Months Ended September 30, 2023**

Note	Capital	Legal reserve	Other reserves	Retained earnings	Foreign entities translation reserve	Total of equity attributable to shareholders of the company	Non-controlling interest	Total
NO	L.E.(000)	L.E.(000)	L.E.(000)	L.E.(000)	L.E.(000)	L.E.(000)	L.E.(000)	L.E.(000)
<b>Balance as of January 1, 2022</b>	17 070 716	2 351 347	2 787 550	22 147 270	( 40 563)	44 316 320	13 240	44 329 560
<b>Comprehensive Income</b>								
Net profit for the period	-	-	-	6 170 486	-	6 170 486	2 609	6 173 095
Translation differences of foreign entities	-	-	-	-	165 220	165 220	-	165 220
<b>Total Comprehensive Income</b>	-	-	-	6 170 486	165 220	6 335 706	2 609	6 338 315
<b>Impact of translation differences of foreign currencies balances</b>	-	-	-	(1 413 164)	-	(1 413 164)	-	(1 413 164)
Transferred to legal reserve	-	351 478	-	(351 478)	-	-	-	-
<b>Transactions with shareholders</b>								
Announced dividends for employees in associates	-	-	-	( 144 460)	-	( 144 460)	-	( 144 460)
Dividends for year 2021 (shareholders)	-	-	-	(1 707 072)	-	(1 707 072)	( 2 797)	(1 709 869)
Dividends for year 2021 (Employees & Board of Directors)	-	-	-	(1 008 848)	-	(1 008 848)	( 556)	(1 009 404)
Investment in subsidiary disposals	-	-	-	( 198)	-	( 198)	-	( 198)
<b>Total transactions with shareholders</b>	-	-	-	(2 860 578)	-	(2 860 578)	( 3 353)	(2 863 931)
<b>Balance as of September 30, 2022</b>	17 070 716	2 702 825	2 787 550	23 692 536	124 657	46 378 284	12 496	46 390 780
<b>Balance as of January 1, 2023</b>	17 070 716	2 702 825	2 787 550	23 289 323	402 277	46 252 691	15 159	46 267 850
<b>Comprehensive Income</b>								
Net profit for the period	-	-	-	9 148 138	-	9 148 138	5 607	9 153 745
Translation differences of foreign entities	-	-	-	-	282 467	282 467	-	282 467
<b>Total Comprehensive Income</b>	-	-	-	9 148 138	282 467	9 430 605	5 607	9 436 212
<b>Impact of translation differences of foreign currencies balances</b>	-	-	-	(3 343 938)	-	(3 343 938)	-	(3 343 938)
Transferred to legal reserve	-	367 670	-	(367 670)	-	-	-	-
<b>Transactions with shareholders:</b>								
Announced dividends for employees in associates	-	-	-	( 225 279)	-	( 225 279)	-	( 225 279)
Dividends for year 2022 (shareholders)	-	-	-	(2 133 840)	-	(2 133 840)	( 3 792)	(2 137 632)
Dividends for year 2022 (Employees & Board of Directors)	-	-	-	(1 306 367)	-	(1 306 367)	( 843)	(1 307 210)
<b>Total transactions with shareholders</b>	-	-	-	(3 665 486)	-	(3 665 486)	( 4 635)	(3 670 121)
<b>Balance as of September 30, 2023</b>	17 070 716	3 070 495	2 787 550	25 060 367	684 744	48 673 872	16 131	48 690 003

The accompanying notes on page from (6) to (28) are an integral part of these Condensed Consolidated Interim Financial Statements.



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

	Note No.	<b>For the nine months ended:</b>	
		<b>30/9/2023</b>	<b>30/9/2022</b>
		<b>L.E. (000)</b>	<b>L.E. (000)</b>
<b><u>Cash flows from operating activities:-</u></b>			
Cash receipts from customers and notes receivables		39 102 385	32 899 615
Stamp tax and fees collected (from third party)		82 295	70 387
Deposits collected from customers		43 504	39 045
Cash paid to suppliers		(10 984 554)	(8 687 456)
Payments for NTRA license fees		(1 734 908)	(1 404 597)
Cash paid to Board of Directors		( 31 054)	( 29 537)
Cash paid to employees		(7 007 777)	(5 633 671)
Cash paid on behalf of employees to third party		(1 108 592)	(1 000 226)
Payments to Tax Authority - taxes other than income tax		(3 265 570)	(4 079 846)
Other payments		( 295 957)	( 700 143)
<b>Cash provided by operating activities</b>		<b>14 799 772</b>	<b>11 473 571</b>
Interest paid		(2 937 148)	( 710 434)
Payments to Tax Authority - income tax		( 494 480)	( 993 322)
<b>Net cash provided by operating activities</b>		<b>11 368 144</b>	<b>9 769 815</b>
<b><u>Cash flows from investing activities:-</u></b>			
Payments for purchase of fixed assets and projects under construction		(15 572 343)	(9 264 104)
Payments for purchase of intangible assets		(2 812 797)	(1 933 568)
Proceeds form sale of fixed assets		295	96
Payments for purchase of financial assets at amortized cost - treasury bills		-	( 596 933)
Proceeds form sale of financial assets at amortized cost - treasury bills		-	607 917
Interest received		299 269	18 726
Dividends collected from investments		1 901 523	1 173 620
Proceeds from financial assets at amortized cost - treasury bills income		96 623	15 660
<b>Net cash used in investing activities</b>		<b>(16 087 430)</b>	<b>(9 978 586)</b>
<b><u>Cash flows from financing activities:-</u></b>			
Payments for loans		(3 322 444)	(1 523 140)
Net proceeds (payments) of credit facilities		14 065 955	2 991 184
Payments of lease liabilities		( 297 807)	( 203 289)
Dividends paid to Shareholders		(2 137 632)	(1 709 301)
<b>Net cash provided by (used in) financing activities</b>		<b>8 308 072</b>	<b>( 444 546)</b>
<b>Net change in cash and cash equivalents during the period</b>		<b>3 588 786</b>	<b>( 653 317)</b>
Translation differences of foreign entities		98 298	17 699
Cash and cash equivalents at the beginning of the period	(18)	6 751 791	2 922 993
<b>Cash and cash equivalents at the end of the period</b>	(18)	<b>10 438 875</b>	<b>2 287 375</b>

The accompanying notes on pages from (6) to (28) are an integral part of these Condensed Consolidated Interim Financial statements.

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

**Notes to the Condensed Consolidated Interim Financial Statements**  
**For The Nine Months Ended September 30, 2023**

**1. BACKGROUND**

***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 address of the company is 26 Ramses Street, Cairo, Egypt.
- 30% of the company's nominal shares are traded on the Egyptian Stock Exchange, while GDRs are traded on the London Stock Exchange, each consisting of five ordinary shares.

***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 Condensed Consolidated Interim Financial Statements***

These Condensed Consolidated Interim Financial Statements were approved by the Board of Directors for issuance on November 13, 2023.

## 2. BASIS OF PREPERATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 2-1 Statement of compliance

- These Condensed Consolidated Interim Financial Statements as of September 30, 2023 have been prepared in accordance with Egyptian Accounting Standard No.30 "Interim Financial Reporting" accordingly it is condensed comparative view to the annual consolidated financial statements for the company, and in the light of applicable Egyptian laws and regulations related to.
- These Condensed Consolidated Interim Financial Statements don't include all the required information needed for preparing the full annual financial statements and must be read with the consolidated annual financial statements as of December 31, 2022.
- The company's management also applied the special accounting treatment to deal with the effects of the liberalization of exchange rates contained in Appendix (C) of the Egyptian Accounting Standard No. (13) Amended in 2015 "Effects of Changes in Foreign Currency Exchange Rates", according to what is detailed in Explanation No. (31-3).

### 2-2 Basis of measurement

These Condensed Consolidated Interim Financial Statements have been prepared under the historical cost basis, except for:

- Financial assets and liabilities that are recorded at fair value through profit or loss.
- Financial assets and liabilities that are recorded at fair value through other comprehensive income.
- Financial assets and liabilities that are recorded at amortized cost.

For presentation purposes, the current and non-current classification has been used for the condensed consolidated financial position, while expenses are analyzed in the condensed consolidated interim income statement using a classification based on their function. The direct method has been used in preparing the condensed consolidated interim statement of cash flows.

### 2-3 Functional and presentation currency

These Condensed Consolidated Interim Financial Statements are presented in Egyptian pound (L.E.), all financial information presented in "L.E." has been rounded to the nearest thousand unless otherwise stated.

### 2-4 Use of estimates and judgments

The preparation of the Condensed Consolidated Interim Financial Statements in conformity with Egyptian Accounting Standards requires 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 believed 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 ongoing basis. Accounting 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 significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements is included in the following notes:

- |  |   |
|--|---|
| - Impairment of non-financial assets.  | - Provisions and contingencies.                       |
| - Deferred tax assets and liabilities. | - Operational useful life of fixed and other assets.  |
| - Measuring Expected credit losses.    | - Estimate the net realizable value of the inventory. |

### 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 consolidated 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 is used as a valuation technique, the future cash flow 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 group 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.
- Other activities

### 3. OPERATING REVENUES

	For the nine months ended :		For the three months ended :	
	30/9/2023	30/9/2022	30/9/2023	30/9/2022
	L.E. (000)	L.E. (000)	L.E. (000)	L.E. (000)
Home and personal communications	18 536 202	15 992 520	6 414 484	5 575 752
Enterprise	4 618 798	3 937 118	1 490 094	1 324 550
Domestic wholesale	6 144 496	4 658 015	1 695 098	1 567 942
International carrier	5 594 500	3 350 807	1 876 016	1 088 043
International cables and networks	7 064 245	4 335 472	2 346 889	2 316 238
	<b>41 958 241</b>	<b>32 273 932</b>	<b>13 822 581</b>	<b>11 872 525</b>

Total operating revenues have increased by an amount of L.E. 9 684 309 K mainly due to the increase in international cables and networks revenues by an amount of L.E. 2 728 773 K. and home and personal communications by an amount of L.E. 2 543 682 K due to the increase in revenues resulting from fixed line and rendering mobile phone services and internet services, and international carrier by an amount of L.E. 2 243 693 K. in addition to the increase in Domestic wholesale revenue by an amount of L.E. 1 486 481 K due to the increase in access service revenues, Enterprise revenues by an amount of L.E. 681 680 K due to the increase in revenues resulting from internet service and access complementary.

### 4. OPERATING COSTS

	For the nine months ended :		For the three months ended :	
	30/9/2023	30/9/2022	30/9/2023	30/9/2022
	L.E. (000)	L.E. (000)	L.E. (000)	L.E. (000)
Call cost	6 291 938	4 827 734	2 162 893	1 640 418
Depreciation and amortization*	6 742 630	4 862 212	2 322 301	1 679 255
Salaries and wages	3 282 852	2 377 056	1 149 536	842 799
Company's share in social insurance	301 316	262 653	100 798	86 265
Frequencies and licenses charges ( NTRA)	1 888 411	1 705 490	586 441	657 005
Other operating cost*	5 618 584	4 205 989	1 777 703	1 468 565
	<b>24 125 731</b>	<b>18 241 134</b>	<b>8 099 672</b>	<b>6 374 307</b>

Operating costs have increased by an amount of L.E. 5 884 597 K mainly due to the following: -

- The increase of Call cost by an amount of L.E. 1 464 204 K which is mainly due to the increase in cost of international connection fees by an amount of L.E. 1 496 374 K. however, the decrease in cost of national roaming fees by amount of L.E 517 385 K led to the limitation of this increase.
- The increase of the depreciation and amortization item by an amount of L.E 1 880 418 K during the period due to the additions of the last quarter of the previous year and the current period.
- The increase of frequencies and licenses charges (National Telecom Regulatory Authority) by an amount of L.E. 182 921 K.
- The increase in other operating cost item by an amount of L.E. 1 412 595 which is mainly due to the increase in organizations services costs item by an amount of L.E. 573 585 K, and Maintenance by amount of L.E 304 184 K and merchandise for sale cost item by an amount of L.E 284 945 K, and leased circuits and subscription to satellites item by an amount of L.E. 221 988 K.

\* Reclassification was made on comparative figures as shown in Note No. (30-2).

## 5. SELLING AND DISTRIBUTION EXPENSES

	<u>For the nine months ended :</u>		<u>For the three months ended :</u>	
	<u>30/9/2023</u>	<u>30/9/2022</u>	<u>30/9/2023</u>	<u>30/9/2022</u>
	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Salaries and wages	1 500 621	1 266 375	494 447	431 758
Company's share in social insurance	139 233	125 869	45 951	40 779
Advertising and marketing	939 666	618 669	338 945	186 053
Agents' commissions and collection organizations	496 955	463 286	167 765	164 925
Depreciation and amortization	51 464	50 580	16 641	21 144
Other selling and distribution expenses	178 811	181 551	53 041	18 223
	<b>3 306 750</b>	<b>2 706 330</b>	<b>1116 790</b>	<b>862 882</b>

The increase in selling and distribution expenses by an amount of L.E 600 420 K mainly due to the increase in Advertising and marketing by an amount of L.E 320 997 K. and Salaries and wages item by an amount of L.E 234 246 K which is mainly due to the annual increases during the period.

## 6. GENERAL AND ADMINISTRATIVE EXPENSES

	<u>Note No</u>	<u>For the nine months ended :</u>		<u>For the three months ended :</u>	
		<u>30/9/2023</u>	<u>30/9/2022</u>	<u>30/9/2023</u>	<u>30/9/2022</u>
		<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Salaries and wages		2 351 658	1 859 826	758 783	655 315
Company's share in social insurance		178 357	156 139	60 091	51 176
The company's contribution in loyalty and belonging fund	(9)	150 000	150 000	50 000	50 000
Depreciation and amortization		122 963	97 463	42 403	32 401
Organization services cost and consultants		352 132	276 784	152 156	108 266
Tax and duties		254 353	153 673	139 411	68 159
Other general and administration expenses		445 611	304 002	158 063	124 229
		<b>3 855 074</b>	<b>2 997 887</b>	<b>1 360 907</b>	<b>1 089 546</b>

The increase in general and administrative expenses by an amount of L.E. 857 187 K is mainly due to the increase in Salaries and wages item by an amount of L.E 491 832 K mainly due to the annual increases during the period and the increase in Taxes and duties item by an amount of L.E 100 680 K., and organizations services costs and consultants item by an amount of L.E. 75 348 K.

## 7. NET FINANCE COST

The increase in net finance cost by an amount of L.E 1 251 293 K during the period is mainly due to the increase in debit interest by an amount of L.E 2 192 761 K and finance costs for credit contracts by an amount of L.E 303 991 K, however the increase in the credit interest by an amount of L.E 409 577 K and the decrease in losses on translation differences of foreign currency balances by an amount of L.E 856 416 K led to the limitation of this increase.

\* Reclassification was made on comparative figures as shown in Note No. (30-2).

**8. SHARE OF PROFIT OF EQUITY ACCOUNTED INVESTEES**

	<u>For the nine months ended :</u>		<u>For the three months ended :</u>	
	<u>30/9/2023</u>	<u>30/9/2022</u>	<u>30/9/2023</u>	<u>30/9/2022</u>
	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Vodafone Egypt telecommunications company	3 401 494	2 027 053	1 453 096	991 053
Egypt trust	28 126	21 166	12 294	12 917
	<u>3 429 620</u>	<u>2 048 219</u>	<u>1 465 390</u>	<u>1 003 970</u>

Represented in the group's share of profits of the investee companies according to the equity method.

**9. EMPLOYEES' 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, 2017 increasing annually at a compound rate of 5%. The subscription for employees hired after January 1, 2017 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.
- Noting that the General Assembly of the Loyalty and belonging Fund, which was being held on September 30, 2023, approved the amendment of the subscription fee for disbursing benefits and collecting contributions to be the basic wage on 1/1/2018, provided that this amendment takes effect from 1/1/2023 after the issuance of the General Assembly's decision financial control of the proposed amendments to the Fund's Articles of Association, according to the approval of the Extraordinary General Assembly, which has not been issued to date.
- 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 M for the period ended in September 30, 2023 (against an amount of L.E. 150 M for the same period of 2022).

**10. BASIC AND DILUTED EARNING PER SHARE FOR THE PERIOD**

- The earning per share for the period is calculated as follows:

	<u>For the nine months ended:</u>		<u>For the three months ended:</u>	
	<u>30/9/2023</u>	<u>30/9/2022</u>	<u>30/9/2023</u>	<u>30/9/2021</u>
<u>The holding company owners' equity :</u>				
Net profit for the period (LE in thousand)	9 148 138	6 170 486	2 452 605	2 388 793
Weighted average for number of shares available during the period (share)	1 707 071 600	1 707 071 600	1 707 071 600	1 707 071 600
Basic and diluted earning per share for the period ( L.E/ Share)	<u>5.36</u>	<u>3.61</u>	<u>1.44</u>	<u>1.40</u>

## 11. FIXED ASSETS AND PROJECTS UNDER CONSTRUCTION

Description	30/9/2023	30/9/2022	30/9/2023	30/9/2022	30/9/2023	30/9/2022	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>Reclassified L.E.(000)</u>	<u>Reclassified L.E.(000)</u>
Land	2 395 085	2 392 650	-	-	2 395 085	2 392 650	2 393 766
Buildings & Infrastructure	49 561 870	43 465 592	22 525 718	20 108 657	27 036 152	23 356 935	25 574 853
Centrals & information technologies equipment	45 853 861	39 328 591	21 486 071	20 910 784	24 367 790	18 417 807	20 990 570
Vehicles	307 337	308 628	148 636	125 350	158 701	183 278	176 031
Furniture	1 331 323	1 152 131	811 403	870 778	519 920	281 353	532 031
Tools & supplies	271 578	247 294	190 681	170 688	80 897	76 606	87 525
Decoration & fixtures	206 630	188 906	182 661	159 393	23 969	29 513	29 903
Fixtures on trunk radio network	-	315	-	315	-	-	-
Projects under construction	13 552 673	5 687 260	-	-	13 552 673	5 687 260	9 062 638
<b>Total</b>	<b>113 480 357</b>	<b>92 771 367</b>	<b>45 345 170</b>	<b>42 345 965</b>	<b>68 135 187</b>	<b>50 425 402</b>	<b>58 847 317</b>

- The increase in net carrying value of fixed assets and projects under construction mainly due to the additions during the period by an amount of L.E. 12 307 334 K, however the depreciation of the period by an amount of L.E. 5 361 361 K led to limitation of this increase.
- The cost of fixed assets and projects under construction as of September 30, 2023 includes an amount of L.E. 14 637 million fully depreciated fixed assets and still in use. (against an amount of L.E. 15 950 Million for the same period of 2022)
- The fixed assets and projects under construction include an amount of L.E 2 716 071 K, (against an amount of L.E. 891 545 K for the same period of 2022) which is represented in the currency differences resulting from the translation of liabilities in foreign currencies existing on the date of the exchange rate liberalization and related to the acquisition of these assets Note No. (31-3).
- Reclassification was made on comparative figures as shown in Note No. (30-1).

## 12. USUFRUCT ASSETS

<u>Cost</u>	30/9/2023	31/12/2022
	<u>L.E. (000)</u>	<u>Reclassified L.E. (000)</u>
Usufruct (projects)	1 234 744	480 175
Submarine cables (rights of way)	2 938 298	2 467 889
Right of way (local)	745 298	583 212
Land (possession-usufruct)	440 684	440 684
Projects under construction	2 622 536	1 881 313
	<b>7 981 560</b>	<b>5 853 273</b>
<b>Less:</b>		
Accumulated amortization	1 691 703	1 428 203
<b>Net carrying amount of usufruct assets</b>	<b>6 289 857</b>	<b>4 425 070</b>

- The increase in net carrying value of usufruct assets by an amount of L.E 1 864 787 K mainly due to the additions during the period by an amount of L.E 1 673 535 K, however the amortization of the period by an amount of L.E 199 445 K led to the limitation if this increase.
- Usufruct assets cost includes at September 30, 2023 an amount of L.E 232 Million (against an amount of L.E. 365 Million for the same period of 2022) usufruct assets fully amortized and still in use in operating.
- The usufruct assets include an amount of L.E 32 679 K, (against an amount of L.E 28 337 K for the same period of 2022) 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. (31-3).
- Reclassification was made on comparative figures as shown in Note No. (30-1).



### 13. Right OF USE ASSETS AND LIABILITIES (LEASE CONTRACTS)

#### 13-1. Right of use assets (lease contracts)

<u>Cost</u>	30/9/2023	31/12/2022
	<u>L.E. (000)</u>	<u>Reclassified L.E. (000)</u>
<b>Beginning balance of cost</b>	1 757 190	1 380 268
Adjustments during the period / year	-	( 355)
Additions during the period / year	127 557	287 381
Translation difference from foreign currency contracts	-	11 588
Disposals during the period / year	-	( 12 287)
Foreign entities translation differences	65 260	90 595
<b>Ending balance of cost</b>	<b>1 950 007</b>	<b>1 757 190</b>
 <u>Accumulated Amortization</u>		
<b>Beginning balance of accumulated amortization</b>	805 613	519 248
Adjustments during the period / year	-	( 246)
Amortization expense for the period / year	238 688	260 122
Disposals during the period / year	-	( 5 562)
Foreign entities translation differences	33 003	32 051
<b>Ending balance of accumulated amortization</b>	<b>1 077 304</b>	<b>805 613</b>
<b>Net carrying amount as at the end of period / year</b>	<b>872 703</b>	<b>951 577</b>
	30/9/2023	30/9/2022
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
<u>Amortization expense is distributed as follows:</u>		
Operating Costs	149 694	102 523
Selling and distribution expenses	43 964	43 362
General and administrative expenses	45 030	34 564
	<b>238 688</b>	<b>180 449</b>

- Reclassification was made on comparative figures as shown in Note No. (30-1).

#### 13-2. Lease Liabilities

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

	30/9/2023	31/12/2022
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Beginning balance of Present value for lease liabilities	1 112 374	985 110
Additions	127 557	287 381
Disposals	-	( 11 661)
Payments	( 297 807)	( 304 746)
Translation difference from foreign currency contracts	-	28 128
Interest	89 249	108 640
Foreign entities translation differences	27 599	19 522
<b>Net present value for lease obligations resulting from right of use</b>	<b>1 058 972</b>	<b>1 112 374</b>
 <u>Less:</u>		
Current Lease obligations	300 121	291 510
<b>Non Current Lease obligations</b>	<b>758 851</b>	<b>820 864</b>

#### 14. INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES

	<u>30/9/2023</u>		<u>31/12/2022</u>	
	<u>Ownership</u>	<u>Amount</u>	<u>Ownership</u>	<u>Amount</u>
	<u>%</u>	<u>L.E. (000)</u>	<u>%</u>	<u>L.E. (000)</u>
- Vodafone Egypt Telecommunication company *	44.95	13 237 919	44.95	12 169 109
- Egypt Trust	35.71	42 659	35.71	14 533
- New matrix for technology	25.50	1 250	25.50	1 250
- Wataneya for Telecommunication **	50.00	-	50.00	-
		<u>13 281 828</u>		<u>12 184 892</u>

- Shares of investments in equity accounted investees are accounted for using the equity method, so that the initial recognition is made at cost, including the costs associated with the acquisition, and the subsequent measurement in the consolidated financial statements is made by increasing or decreasing the book value of the investment by the group's share of profits or losses and other comprehensive income items in the investee company.

\* The investments in Vodafone Egypt on September 30, 2023 represents the ownership of 107 869 799 shares with a percentage of 44.95% from the total shares of Vodafone Egypt.

The financial year of Vodafone Egypt ends on March 31 of each year and the equity method was applied in recognizing the investment in Vodafone Egypt during preparing the Condensed Consolidated Interim Financial Statements as of September 30, 2023 by using the consolidated financial statements of Vodafone Egypt for the financial year ended in March 31, 2023 which presents the 12 months from the 1st of April 2022 till March 31, 2023, deduct the movements of the period from April 1, 2022 till December 31, 2022 from the consolidated interim financial data of Vodafone Egypt as of December 31, 2022, in addition to the period from April 1, 2023 till September 30, 2023 from the consolidated interim financial data of Vodafone Egypt as of September 30, 2023, to determine the share of financial period from January 1 to September 30, 2023 of business results of the associate company.

\*\* The value of the investment in Wataniya for Telecommunication amounted to L.E. 125 K was fully reduced against the company's share in the losses of associates.

#### 15. INVENTORIES

	<u>30/9/2023</u>	<u>31/12/2022</u>
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Spare parts	1 049 122	760 576
Material supplies, Merchandise for sale	3 899 162	3 479 465
Others	26 412	40 471
	<u>4 974 696</u>	<u>4 280 512</u>

The value of inventories was written down by L.E. 77 296 K (against LE 204 144 K as at December 31, 2022) for obsolete and slow-moving items directly from the cost of each type of inventory related to.

**16. TRADE AND NOTES RECEIVABLES**

	<b>30/9/2023</b>	<b>31/12/2022</b>
	<b><u>L.E. (000)</u></b>	<b><u>L.E. (000)</u></b>
Trade Receivables - National	6 082 794	5 650 436
Trade Receivables - International	<u>6 281 975</u>	<u>4 913 163</u>
	<b>12 364 769</b>	<b>10 563 599</b>
<b><u>Add:</u></b>		
Notes receivable	199 853	246 286
<b><u>Less:</u></b>		
Expected credit loss provision	<u>2 784 531</u>	<u>2 655 044</u>
	<b><u>9 780 091</u></b>	<b><u>8 154 841</u></b>

Trade and notes receivable balance have increased by an amount of L.E. 1 625 250 K is mainly due to the increase in trade receivables – International cables and networks by an amount of L.E 1 289 409 K, trade receivables - International carrier by an amount of L.E. 79 403 K, however the decrease in trade receivables – Domestic wholesale by an amount of L.E. 258 658 K led to the limitation of this increase.

**17. DEBTORS AND OTHER DEBIT BALANCES**

	<b>30/9/2023</b>	<b>31/12/2022</b>
	<b><u>L.E.(000)</u></b>	<b><u>Reclassified L.E.(000)</u></b>
Suppliers – debit balances	1 177 848	688 358
Deposits with other	358 969	321 016
Accrued revenues	239 690	166 533
Tax Authority - value added tax	923 909	2 176 439
Due from ministries, organizations and companies	1 920 742	1 113 386
Temporary debts due from employees	1 107 889	1 203 763
Prepaid expenses	160 880	123 514
Other debit balances*	<u>1 756 607</u>	<u>1 169 515</u>
	<b>7 646 534</b>	<b>6 962 524</b>
<b><u>Less:</u></b>		
Expected Credit loss Provision	<u>420 505</u>	<u>411 523</u>
	<b><u>7 226 029</u></b>	<b><u>6 551 001</u></b>
<b><u>Balances due within more than one year:</u></b>		
Prepaid expenses	<u>77 339</u>	<u>67 921</u>
<b>Non current debtors and other debit balances</b>	<b><u>77 339</u></b>	<b><u>67 921</u></b>
<b>Current debtors and other debit balances</b>	<b><u>7 148 690</u></b>	<b><u>6 483 080</u></b>
<b>Total debtors and other debit balances</b>	<b><u>7 226 029</u></b>	<b><u>6 551 001</u></b>

- Debtors and other debit balances have increased by an amount of L.E. 675 028 K mainly due to the increase in due from ministries, organization and companies item by an amount of L.E 807 356 K, and Suppliers – debit balances by an amount of L.E. 489 490 K, and other debit balances item by an amount of L.E. 587 092 K, however the decrease in Tax Authority – value added tax by an amount of L.E. 1 252 530 K, led to the limitation of this decrease.

- Reclassification was made on comparative figures as shown in Note No. (30-1).

### 18. CASH AND CASH EQUIVALENTS

	Note	30/9/2023	31/12/2022	30/9/2022
	No.	L.E. (000)	L.E. (000)	L.E. (000)
Banks - time deposits (less than 3 months)		6 626 246	3 544 872	171 358
Banks - current accounts		3 727 309	2 818 478	2 026 277
Cash on hand		19 795	6 767	10 707
Financial assets at amortized cost - Treasury bills (less than 3 months)		-	348 078	40 818
Money market funds (less than 3 months)		137 956	93 110	100 629
<b>Cash and cash equivalents</b>		<b>10 511 306</b>	<b>6 811 305</b>	<b>2 349 789</b>
<b>Less:</b>				
Restricted time deposits and current accounts at banks	(26)	72 431	59 514	62 414
<b>Cash and cash equivalents as per statement of cash flows</b>		<b>10 438 875</b>	<b>6 751 791</b>	<b>2 287 375</b>

### 19. LOANS AND CREDIT FACILITIES

The increase in the balance of loans and credit facilities by an amount of L.E 15 605 755 K mainly resulted from credit facilities with local and foreign currencies during the period amounted to L.E. 14 027 480 K, in addition to the currency differences resulting from translation of foreign loans and facilities amounted to L.E 4 091 029 K where loans and credit facilities with local and foreign currencies on September 30, 2023 amounted to L.E. 46 431 802 K (against LE 30 826 052 K at December 31, 2022) with an amount of L.E. 25 348 431 K due within a year.

### 20. CREDITORS AND OTHER CREDIT BALANCES

	30/9/2023	31/12/2022
	L.E. (000)	Reclassified L.E. (000)
Suppliers	6 279 557	6 048 326
Tax Authority (taxes other than income tax)*	2 529 010	2 712 186
Deposits from others	686 294	621 624
Assets creditors	15 933 828	18 525 210
Accrued interests	406 828	282 565
Accrued expenses	1 635 251	1 719 261
Public Authority for Social Insurance	133 947	106 567
Trade receivables - credit balances	4 658 637	2 588 686
Credit balances organizations and companies	483 718	402 373
Contract liabilities	3 310 017	1 712 178
National Telecommunication Regulatory Authority (NTRA)	2 653 772	2 154 536
Other credit balances	985 912	753 274
	<b>39 696 771</b>	<b>37 626 786</b>
<b>balances due within more than one year:</b>		
Assets creditors	7 279 348	6 237 165
Contract liabilities	360 134	325 126
<b>Non current creditors and other credit balances</b>	<b>7 639 482</b>	<b>6 562 291</b>
<b>Current creditors and other credit balances</b>	<b>32 057 289</b>	<b>31 064 495</b>
<b>Total creditors and other credit balances</b>	<b>39 696 771</b>	<b>37 626 786</b>

- Creditors and other credit balances have increased by an amount of L.E 2 069 985 K mainly due to the increase in both of Trade receivables – credit balances item by an amount of L.E. 2 069 951 K, and Contract liabilities by an amount of L.E 1 597 839 K, however the decrease in Assets creditors item by an amount of L.E 2 591 382 K led to limitation of this increase.

-Reclassification was made on comparative figures as shown in Note No. (30-1).

**21. PROVISIONS**

	<b>30/9/2023</b>	<b>31/12/2022</b>
	<b>L.E.(000)</b>	<b>L.E.(000)</b>
Balance at the beginning of the period / year	1 246 803	1 399 218
Reclassification	-	138 319
Provision no longer required	( 422)	-
Charged to statement of income for the period / year	174 533	9 261
Provision used during the period / year	( 150 942)	( 300 029)
Translation differences	32	34
<b>Balance at the end of the period / year</b>	<b>1 270 004</b>	<b>1 246 803</b>

**22. 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 L.E 10 each.
- The Egyptian Government owns 70% after offering 20% of company's shares in public offering during December 2005 and 10% during the year 2023.

**23. RESERVES**

	<b>30/9/2023</b>	<b>31/12/2022</b>
	<b>L.E.(000)</b>	<b>L.E.(000)</b>
Legal reserve*	3 070 495	2 702 825
Other reserves	2 787 550	2 787 550
	<b>5 858 045</b>	<b>5 490 375</b>

\* The balance of legal reserve has increased as a result of retaining an amount of L.E. 367 670 K from the profit of 2022 in accordance with the company's articles of association.

**24. DEFERRED TAX**

**24-1 Recognized deferred tax assets and liabilities**

	<u>30/9/2023</u>		<u>31/12/2022</u>	
	Assets	(Liabilities)	Assets	(Liabilities)
	L.E.(000)	L.E.(000)	L.E.(000)	L.E.(000)
Total deferred tax asset / liability	3 361 572	(3 969 235)	2 482 269	(3 964 479)
Net deferred tax liability	-	( 607 663)	-	(1 482 210)
Deferred tax in the consolidated income statement for the period\ year	874 547	-	1 511 449	-
Impact of Deferred tax charged to statement of income	-	( 26 612)	135 588	-
Deferred tax charged to statement of comprehensive income	901 159	-	1 375 861	-

**24-2 Unrecognized deferred tax assets**

	<b>30/9/2023</b>	<b>31/12/2022</b>
	<b><u>L.E.(000)</u></b>	<b><u>L.E.(000)</u></b>
<b>Unrecognized deferred tax assets</b>	<b><u>730 926</u></b>	<b><u>712 407</u></b>

Deferred tax assets have not been recognized in respect of the above items due to the uncertainty of the utilization of their benefits in the foreseeable future.

**24-3 Current income tax**

	<b>30/9/2023</b>	<b>31/12/2022</b>
	<b><u>L.E. (000)</u></b>	<b><u>L.E. (000)</u></b>
Tax Authority - income tax	( 974 035)	(1 190 689)
<b>Less:</b>		
Advanced payments	929 567	427 089
Return on deferred tax payments	888	816
Tax Authority - withholding tax	347 527	1 253 766
	<b><u>303 947</u></b>	<b><u>490 982</u></b>

**25. CAPITAL COMMITMENTS**

The company's capital commitments for the unexecuted parts of contracts until September 30, 2023 amounted to L.E. 1 141 Million (against L.E. 2 161 Million at the financial year ended December 31, 2022).

**26. CONTINGENT LIABILITIES**

**In addition to the amounts included in the condensed consolidated interim statement of financial position, the company has the following contingent liabilities as at September 30, 2023:**

	<b>30/9/2023</b>	<b>31/12/2022</b>
	<b><u>L.E. (000)</u></b>	<b><u>L.E. (000)</u></b>
- Letters of guarantee issued by banks on behalf of the company*	3 493 962	3 140 560
- Letters of credit	913 385	2 882 470

\*Letters of guarantee which were issued by banks on behalf of the company and for others on September 30, 2023 including letters of guarantee issued in exchange for a cash cover (restricted cash and equivalent) (Note No.18)

## **27. TAX POSITION (Telecom Egypt) (Parent Company)**

### **27-1 Corporate tax**

- Tax inspection was performed for the years till December 31, 2018 and all due taxes were settled.
- Tax inspection for the years from January 1, 2019 until December 31, 2022 have not been done to date.
- Tax return are submitted according to the income tax law no. 91 of 2005, its amendments and its executive regulations, and the due tax is paid on legal dates.

### **27- 2 Value Added Tax \ Sales Tax**

- Tax inspection for the years till December 31, 2017 was performed and the tax differences were settled.
- Tax returns are submitted according to the value added tax law and according to the law No. 206 of 2020 issuing the Unified Tax Procedures Law, and the due tax, if any, is paid on the legal dates.

### **27- 3 Salary & wages Tax**

- Tax inspection was performed for the years till December 31 ,2014 and the Company was notified with tax differences and all due taxes were settled.
- Tax inspection for the year 2015 till 2020 has been performed and all due taxes were settled except fines.
- Years from 2021 till 2022, the company is regular in deducting and remitting tax on legal dates according to the law No. 206 of 2020, its amendments and its executive regulations, and the tax settlement is submitted according to the provisions of law No. 206 of 2020 issuing the Unified Tax Procedures Law.

### **27- 4 Stamp Tax**

- Tax inspection for the period from March 27, 1998 to December 31, 2000 was performed for certain sectors of the company, and the company was notified of the tax assessment elements, and the company filed a grievance and challenged the legal deadlines.
- 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, 2020 was performed and due taxes were settled.

### **27- 5 Real Estate Tax**

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





## 28-2 Transactions with the Egyptian government

The Egyptian government contributes 70% of the capital represented by the ministry of finance which results in existence of mutual services between the company and the governmental entities, including revenues, costs, and other expenses, transactions related to taxes, social insurance and customs.

## 28-3 Transactions with the Board of directors

On March 28, 2023, The Company's ordinary general assembly decided to approve the disbursement of an amount of L.E 15 250 K to the members of the board of directors as the board's share in the profits for the financial year ended in December 31, 2022, in addition to attending board sessions allowances stipulated in the ordinary general assembly of the company.

## 29. GROUP ENTITIES

- Subsidiaries companies are controlled by group companies.
- The group companies control the invested entities when affected by or entitled to variable interest, through participating and influencing the interest due to authority on invested entity.
- The condensed consolidated interim financial statement includes the subsidiary companies that it hold, from the date of acquisition till end date.
- Company's direct and indirect share in subsidiaries companies on September 30, 2023 which were included in the condensed consolidated interim financial statements is as follows:

<u>Company name</u>	<u>Country of incorporation</u>	<u>Ownership interest</u>	
		<u>30/9/2023</u>	<u>31/12/2022</u>
Telecom Egypt France	France	100.00 %	100.00 %
WE Data	Egypt	100.00 %	100.00 %
T.E Data Jordan	Jordan	100.00 %	100.00 %
TE Investment Holding	Egypt	100.00 %	100.00 %
The Egyptian Telecommunication Company for Information Systems (Xceed)	Egypt	100.00 %	100.00 %
Xceed Customer Care Maroc	Morocco	100.00 %	100.00 %
Xceed Customer Care Mauritius	Mauritius	100.00 %	100.00 %
Xceed Customer Care FZCO	UAE	100.00 %	-
Centra Technologies	Egypt	100.00 %	100.00 %
Centra for electronic Industries	Egypt	100.00 %	100.00 %
Telecom Egypt Globe	Singapore	100.00 %	100.00 %
Egyptian international submarine cables company (Eiscc)**	Egypt	100.00 %	100.00 %
Middle East and North Africa Submarine Cable Company (MENA CABLE)**	Egypt	100.00 %	100.00 %
Mena Company For Submarine Cable Company (MENA CABLE ITALY)	Italy	100.00 %	100.00 %
TE for sport investment*	Egypt	100.00 %	100.00 %
Middle East Radio Communication (MERC)	Egypt	51.00 %	51.00 %

\* The Extraordinary General Assembly of the company, which was held on February 20, 2023 decided to change the purpose of the company and it is reflected in the commercial register.

\*\* According to the decisions of the extraordinary general assembly meetings of the companies referred to above, the Egyptian International Submarine Cables Company (EISCC), the merged company, will be merged into the Middle East and North Africa Submarine Cables Company (MENA CABLE), the merging company, and legal measures are being taken regarding the implementation of this merger.

### 30. COMPARATIVE FIGURES

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

#### 30-1 Effect on the condensed consolidated interim statement of financial position:

	31/12/2022 as previously reported Debit / (Credit) LE(000)	Reclassification Debit / (Credit) LE(000)	31/12/2022 Reclassified Debit / (Credit) LE(000)
Fixed assets and projects under construction	49 784 679	9 062 638	58 847 317
Projects under construction	14 009 576	(14 009 576)	-
Other assets	15 549 087	(15 549 087)	-
Intangible assets (licenses and frequencies)	-	15 119 378	15 119 378
Usufruct assets	-	4 425 070	4 425 070
Right of use assets (lease contracts)	-	951 577	951 577
Current income tax	-	490 982	490 982
Debtors and other debit balances - current	7 628 275	(1 145 195)	6 483 080
Creditors and other credit balances - current	(31 055 503)	( 8 992)	(31 064 495)
Accrued income tax	( 663 205)	663 205	-

#### 30-2 Effect on the condensed consolidated interim statement of income:

	For the nine months ended 30/9/2022 as previously reported Debit \ (Credit) LE(000)	Reclassification Debit \ (Credit) LE(000)	For the nine months ended 30/9/2022 Reclassified Debit \ (Credit) LE(000)	For the three months ended 30/9/2022 as previously reported Debit \ (Credit) LE(000)	Reclassification Debit \ (Credit) LE(000)	For the three months 30/9/2022 Reclassified Debit \ (Credit) LE(000)
Operating cost	(18 578 375)	337 241	(18 241 134)	(6 491 567)	117 260	(6 374 307)
Expected credit loss	( 66 741)	( 1 196)	( 67 937)	( 111 142)	-	( 111 142)
Other income	421 980	711	422 691	111 674	-	111 674
Finance cost	(2 089 230)	( 336 756)	(2 425 986)	(1 189 774)	( 117 260)	(1 307 034)

### 31- SIGNIFICANT EVENTS

#### 31-1 The effect of the exchange rate liberalization

A- The Monetary Policy Committee of the Central Bank decided, in its session held on October 27, 2022, to announce the implementation of the flexible exchange rate system for pricing foreign exchange, provided that the buying and selling prices of currencies are determined in Egyptian pounds based on the conditions of supply and demand, and accordingly the foreign exchange rate increased. Against the Egyptian pound, for example, the US dollar increased from 24.7 Egyptian pounds on December 31, 2022 to 30.8 Egyptian pounds on September 30, 2023.

B- The monetary policy committee of the Central Bank also decided in its previous meetings to raise the overnight deposit and lending rates to reach 19.25%, 20.25%, respectively. The credit and discount rate were raised to 19.75%. Which has a material impact on the company's revenues and financing costs.

**31-2 New Editions and Amendments to Egyptian Accounting Standards:**

- On March 6, 2023, the Prime Minister's Decree No. (883) of 2023 was issued amending some provisions of the Egyptian Accounting Standards, the following is a summary of the most significant amendments:

New or reissued standards	Summary of the most significant amendments	Impact on the financial statements	Effective date
<p><b>Egyptian Accounting Standard No. (10) amended 2023 "Fixed Assets " and Egyptian Accounting Standard No. (23) amended 2023 "Intangible Assets".</b></p>	<p>1- These standards were reissued in 2023, allowing the use of revaluation model when subsequent measurement of fixed assets and intangible assets.</p> <ul style="list-style-type: none"> <li>- This resulted in amendment of the paragraphs related to the use of the revaluation model option in some of the applicable Egyptian Accounting Standards, which are as follows:                             <ul style="list-style-type: none"> <li>- Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors".</li> <li>- Egyptian Accounting Standard No. (24) "Income Taxes"</li> <li>- Egyptian Accounting Standard No. (30) "Interim Financial Reporting"</li> <li>- Egyptian Accounting Standard No. (31) "Impairment of Assets"</li> <li>- Egyptian Accounting Standard No. (49) "Leasing Contracts"</li> </ul> </li> </ul> <p>2- In accordance with the amendments made to the Egyptian Accounting Standard No. (35) amended 2023 "Agriculture", paragraphs (3), (6) and (37) of Egyptian Accounting Standard No. (10) "Fixed assets " have been amended, and paragraphs 22(a), 80(c) and 80(d) have been added to the same standard, in relation to agricultural produce harvested.</p> <ul style="list-style-type: none"> <li>- The Company is not required to disclose the quantitative information required under paragraph 28(f) of Egyptian Accounting Standard No. (5) for the current period, which is the period of the financial statements in which the Egyptian Accounting Standard No. (35) amended 2023 and Egyptian Accounting Standard No. (10) amended 2023 are applied for the first time in relation to agricultural produce harvested. However, the quantitative information required under paragraph 28(f) of Egyptian Accounting Standard No. (5) should be disclosed for each comparative period presented.</li> <li>- The company may elect to measure an agricultural produce harvested item at its fair value at the beginning of the earliest period presented in the financial statements for the period in which the company have been applied the above-mentioned amendments for the first time and to use that fair value as its deemed cost on that date. Any difference between the previous carrying amount and the fair value in the opening balance should be recognized by adding it to the revaluation surplus account in equity at the beginning of the earliest period presented.</li> </ul>	<p>Management is currently studying the possibility of changing the applied accounting policy and using the revaluation model option stated in those standards and assessing the potential impact on the financial statements in case of using this option.</p> <p>Management is currently assessing the potential impact on the financial statements from the application of amendments to the standard.</p>	<p>The amendments of adding the option to use the revaluation model are effective for financial periods starting <b>on or after January 1, 2023, retrospectively</b>, cumulative impact of the preliminary applying of the revaluation model shall be <b>added to the revaluation surplus account in equity, at the beginning of the financial period in which the company applies this model for the first time.</b></p> <p>These amendments are effective for annual financial periods <b>on or after</b> starting <b>January 1, 2023, retrospectively</b>, cumulative impact of the preliminary applying of the accounting treatment for agricultural produce harvested shall be <b>added to the balance of retained earnings or losses at the beginning of the financial period in which the company applies this treatment for the first time.</b></p>
<p><b>Egyptian Accounting</b></p>		<p>No impact on financial</p>	<p>The amendments of adding the option to use</p>

New or reissued standards	Summary of the most significant amendments	Impact on the financial statements	Effective date
<p><b>Standard No. (34) amended 2023</b> <b>"Investment property"</b></p>	<ul style="list-style-type: none"> <li>- This standard was reissued in 2023, allowing the use fair value model when subsequent measurement of investment property.</li> <li>- This resulted in amendment of some paragraphs related to the use of the fair value model option in some of the applicable Egyptian Accounting Standards, which are as follows:</li> <li>- Egyptian Accounting Standard No. (1) "Presentation of Financial Statements"</li> <li>- Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors."</li> <li>- Egyptian Accounting Standard No. (13) "The Effects of Changes in Foreign Exchange Rates "</li> <li>- Egyptian Accounting Standard No. (24) "Income Taxes"</li> <li>- Egyptian Accounting Standard No. (30) "Interim Financial Reporting "</li> <li>- Egyptian Accounting Standard No. (31) "Impairment of Assets"</li> <li>- Egyptian Accounting Standard No. (32) "Non-Current Assets Held for Sale and Discontinued Operations"</li> <li>- Egyptian Accounting Standard No. (49) "Leasing Contracts "</li> </ul>	<p>statement from applying the amendments on this standard.</p>	<p>the fair value model are effective for financial periods starting <b><u>on or after January 1, 2023</u></b> <b>retrospectively</b>, cumulative impact of the preliminary applying of the fair value model shall be <b>added to the balance of retained earnings or losses at the beginning of the financial period in which the company applies this model for the first time.</b></p>
<p><b>Egyptian Accounting Standard No. (36) amended 2023</b> <b>"Exploration for and Evaluation of Mineral Resources"</b></p>	<p>-This standard was reissued in 2023, allowing the use of revaluation model when subsequent measurement of exploration and valuation assets.</p> <p>-The company applies either the cost model or the revaluation model for exploration and valuation assets, the evaluation should carried out by experts specialized in valuation and registered in a register maintained for this purpose at the Ministry of Petroleum, and in the case of applying the revaluation model (whether the model stated in the Egyptian Accounting Standard (10) "Fixed Assets " or the model stated in Egyptian Accounting Standard (23) "Intangible Assets") should consistent with the classification of assets in accordance with paragraph No. (15) of Egyptian Accounting Standard No. (36) amended 2023.</p>	<p>No impact on financial statement from applying the amendments on this standard.</p>	<p>The amendments of adding the option to use the revaluation model are effective for financial periods starting <b><u>on or after January 1, 2023, retrospectively</u></b>, cumulative impact of the preliminary applying of the revaluation model shall be <b>added to the revaluation surplus account in equity, at the beginning of the financial period in which the company applies this model for the first time.</b></p>

New or reissued standards	Summary of the most significant amendments	Impact on the financial statements	Effective date
<p><b>Egyptian Accounting Standard No. (35) amended 2023 "Agriculture"</b></p>	<p>This standard was reissued in 2023, where paragraphs (1-5), (8), (24), and (44) were amended and paragraphs (5a) - (5c) and (63) were added, with respect to the accounting treatment of agricultural produce harvested, (Egyptian Accounting Standard (10) "Fixed assets " was amended accordingly).</p>	<p>No impact on financial statement from applying the amendments on this standard.</p>	<p>These amendments are effective for annual financial periods starting <b>on or after January 1, 2023 retrospectively</b>, cumulative impact of the preliminary applying of the accounting treatment for agricultural produce harvested shall be <b>added to the balance of retained earnings or losses at the beginning of the financial period in which the company applies this treatment for the first time.</b></p>
<p><b>Egyptian Accounting Standard No. (50) "Insurance Contracts".</b></p>	<ul style="list-style-type: none"> <li>- This standard determines the principles of recognition of insurance contracts falling within the scope of this standard, and determines their measurement, presentation, and disclosure. The objective of the standard is to ensure that the company provides appropriate information that truthfully reflects those contracts. This information provides users of the financial statements with the basis for assessing the impact of insurance contracts on the company's financial position, financial performance, and cash flows.</li> <li>- Egyptian Accounting Standard No. (50) replaces and cancels Egyptian Accounting Standard No. 37 "Insurance Contracts".</li> <li>- Any reference to Egyptian Accounting Standard No. (37) in other Egyptian Accounting Standards to be replaced by Egyptian Accounting Standard No. (50).</li> <li>- The following Egyptian Accounting Standards have been amended to comply with the requirements of the application of Egyptian Accounting Standard No. (50) "Insurance Contracts", as follows: <ul style="list-style-type: none"> <li>- Egyptian Accounting Standard No. (10) "Fixed Assets".</li> <li>- Egyptian Accounting Standard No. (23) "Intangible Assets".</li> <li>- Egyptian Accounting Standard No. (34) " Investment property ".</li> </ul> </li> </ul>	<p>Management is currently evaluating the potential impact on the financial statements from the application of the standard.</p>	<p>Egyptian Accounting Standard No. (50) is effective for annual financial periods starting <b>on or after July 1, 2024</b>, and if the Egyptian Accounting Standard No. (50) shall be applied for an earlier period, the company should disclose that fact.</p>

**31-3 The issuance of Annex (C) the amendment accompanying the Egyptian Accounting Standard No. (13) “The Effects of Changes in Foreign Exchange Rates”:**

- On May 17, 2023, Prime Minister’s Decision No. 1847 of 2023 was issued to replace some of the provisions of the paragraphs with Appendix C accompanying Egyptian Accounting Standard No. (13) amended in 2015 “The Effects of Changes in Foreign Currency Exchange Rates” added by Prime Minister’s Decision No. 4706 of the year 2022, which deals with the special accounting treatment for dealing with the effects of the liberalization of foreign exchange rates ,This Appendix and its amendments, and these treatments are as follows:

1. An establishment that, prior to the date of moving the exchange rate, may acquire fixed assets and/or real estate investments and/or exploration and evaluation assets and/or intangible assets (other than goodwill) and/or right of use assets for lease contracts, funded by existing obligations in that date in foreign currencies, to recognize within the cost of those assets the debit currency differences resulting from the settled part of these obligations during the financial period to apply this special accounting treatment In addition to the currency difference resulting from translating the remaining balance of these obligations at the end of December 31, 2023 or on the end of the closing date of the financial statements for the fiscal period to apply this accounting treatment using the exchange rate used on that date. The facility can apply this option for each asset separately.

2. as an exception to the requirements of Paragraph No. 28 of the amended Egyptian Accounting Standard No. (13) “The Effects of Changes in Foreign Currency Exchange Rates” regarding the recognition of currency differences, an enterprise whose business results were affected by net profits or losses of currency differences as a result of moving the currency exchange rate A foreign currency, whether the currency of its entry is the Egyptian pound or any other foreign currency, to recognize within the items of other comprehensive income the net debit and credit currency differences realized during the period in addition to the differences resulting from the retranslation of the balances of items of monetary nature existing at the end of December 31, 2023 or at the end of the closing date of the financial statements for the fiscal period to apply this special accounting treatment using the exchange rate used on that date , less any currency translation differences that have been recognized as cost of assets in accordance with paragraph 7 of this Appendix. Considering that these differences were mainly caused by the unusual movements of the exchange rate.

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

<b><u>Item</u></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>30/9/2023</u></b>		<b><u>30/9/2023</u></b>
<b><u>1-Statement of financial position</u></b>			
Fixed assets and projects under construction	65 419 116	2 716 071	68 135 187
Intangible assets (licenses and frequencies)	14 002 600	769 171	14 771 771
Usufruct assets	6 257 178	32 679	6 289 857
Differed tax (liabilities) / assets	(1 508 822)	901 159	(607 663)
Retained earnings	(28 404 305)	3 343 938	(25 060 367)
<b><u>2- Statement of income</u></b>			
Finance cost	11 912 451	(7 832 680)	4 079 771
Depreciation and Amortization	6 500 756	416 301	6 917 057
Total income tax	(2 307 604)	970 821	(1 336 783)
Basic and diluted earnings per share for the period (L.E / Share)	1.01	4.35	5.36
<b><u>3-Statement of comprehensive income</u></b>			
Translation differences of foreign currency balances	-	(4 314 759)	(4 314 759)
Deferred tax on translation differences of foreign currency balances	-	901 159	901 159
Income tax related on translation differences of foreign currency balances	-	69 662	69 662

**31-4 The company's main shareholder offered 10% of the company's capital in the secondary market on the Egyptian Stock Exchange**

The Board of Directors of Telecom Egypt decided in its session held on May 11, 2023, to approve the company's signing of the information memorandum regarding the offering of the main shareholder (the Egyptian government) in the company for 10% of the company's capital in the secondary market on the Egyptian Stock Exchange on May 11, 2023. So the government's shares to become 70% instead of 80% of the company's capital.

**32- SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in the preparation of the condensed consolidated interim financial statements as of September 30, 2023 is the same as the accounting policies applied in the preparation of the annual consolidated financial statements as of December 31, 2022, these accounting policies have been applied consistently to all periods presented in these condensed consolidated interim financial statements as of September 30, 2023.

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