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Translation from Arabic

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

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(An Egyptian Joint Stock Company)
Condensed Separate Interim Financial Statements
For The Nine Months Ended September 30, 2023
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 Separate 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 separate financial statements of Telecom Egypt Company “an Egyptian joint stock company”, which comprises:

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

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



Hazem Hassan

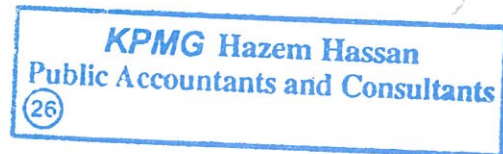
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Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying September 30, 2023, condensed interim separate 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 Separate Interim Statement of Financial Position as of:

	Note No.	30/9/2023 L.E. (000)	31/12/2022 Reclassified L.E. (000)
Assets			
Non Current Assets			
Fixed assets and projects under construction	(11)	67 734 746	58 554 869
Intangible assets (licenses and frequencies)		14 689 347	15 022 419
Usufruct assets	(12)	6 145 608	4 285 794
Right of use assets (lease contracts)	(13-1)	679 322	698 644
Investments in subsidiaries and associates	(14)	6 645 875	6 645 875
Financial assets at FVOCI		74 856	74 856
Deferred tax assets	(24-1)	925 518	23 390
Total Non Current Assets		96 895 272	85 305 847
Current Assets			
Inventories	(15)	3 243 691	2 170 859
Trade and notes receivable	(16)	7 482 113	6 586 273
Current income tax	(24-3)	303 062	397 864
Debtors and other debit balances	(17)	5 590 030	4 762 858
Debit balances with subsidiaries	(28-1)	764 444	2 512
Cash and cash equivalents	(18)	9 527 506	6 158 165
Total Current Assets		26 910 846	20 078 531
Total Assets		123 806 118	105 384 378
Equity			
Capital	(22)	17 070 716	17 070 716
Reserves	(23)	5 726 468	5 359 173
Retained earnings		13 112 308	13 024 149
Total Equity		35 909 492	35 454 038
Non Current Liabilities			
Long term loans	(19)	21 063 921	20 390 098
Lease obligations	(13-2)	678 564	698 100
Creditors and other credit balances	(20)	7 300 664	6 259 706
Total Non Current Liabilities		29 043 149	27 347 904
Current Liabilities			
Short term Loans and credit facilities	(19)	25 323 545	10 353 603
Lease obligations	(13-2)	184 364	157 220
Creditors and other credit balances	(20)	26 056 232	24 535 926
Accrued credit accounts to subsidiaries and associates	(28-1)	6 636 726	6 771 714
Provisions	(21)	652 610	763 973
Total Current Liabilities		58 853 477	42 582 436
Total Liabilities		87 896 626	69 930 340
Total Equity and Liabilities		123 806 118	105 384 378

The accompanying notes on pages (6) to (26) 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



"Mohamed Nasr"

Board of Directors approval



Chairman



"Maged Osman"

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

	Note	<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>
Operating revenues	(3)	32 372 134	24 011 084	10 473 030	8 990 391
Operating costs	(4)	(20 183 105)	(15 362 408)	(6 955 584)	(5 380 696)
Gross Profit		12 189 029	8 648 676	3 517 446	3 609 695
Other operating income		1 246 616	638 602	437 056	189 295
Selling and distribution expenses	(5)	(2 644 248)	(2 175 505)	(877 917)	(747 817)
General and administrative expenses	(6)	(3 241 491)	(2 513 653)	(1 150 567)	(921 685)
Other operating expenses		(87 771)	(69 333)	(37 009)	(3 371)
Expected credit loss		(195 959)	(116 962)	(74 771)	(81 662)
Operating profit		7 266 176	4 411 825	1 814 238	2 044 455
Finance income		464 398	95 997	130 597	20 570
Finance cost		(3 520 485)	(1 878 655)	(1 402 677)	(1 091 487)
Net finance cost	(7)	(3 056 087)	(1 782 658)	(1 272 080)	(1 070 917)
Income from investments in subsidiaries and associates	(8)	2 430 397	1 588 563	-	-
Net profit for the period before income tax		6 640 486	4 217 730	542 158	973 538
Current income tax		(643 570)	(1 071 897)	170 508	(252 030)
Deferred tax expense	(24-1)	144 604	105 717	(295 829)	(65 860)
Total income tax		(498 966)	(966 180)	(125 321)	(317 890)
Net profit for the period after income tax		6 141 520	3 251 550	416 837	655 648
Basic and diluted earning per share for the period (L.E. / Share)	(10)	3.60	1.90	0.24	0.38

The attached notes on pages (6) to (26) are an integral part of these condensed separate interim financial statements.

Telecom Egypt Company

(An Egyptian Joint Stock Company)

Condensed Separate Interim Statement of Comprehensive Income

	Note	<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>
Net profit for the period after income tax		6 141 520	3 251 550	416 837	655 648
<u>Other Comprehensive Income Items:</u>					
Translation differences of foreign currency balances		(3 542 864)	(1 859 683)	355 582	41 325
Deferred tax on translation differences of foreign currency balances	(24-1)	757 524	418 429	(80 732)	(9 298)
Income tax on translation differences of foreign currency balances		39 620	-	726	-
		<u>(2 745 720)</u>	<u>(1 441 254)</u>	<u>275 576</u>	<u>32 027</u>
Transferred to retained earnings during the period		2 745 720	1 441 254	(275 576)	(32 027)
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Comprehensive Income		<u><u>6 141 520</u></u>	<u><u>3 251 550</u></u>	<u><u>416 837</u></u>	<u><u>655 648</u></u>

The attached notes on pages (6) to (26) are an integral part of these condensed separate interim financial statements.

Telecom Egypt Company
(An Egyptian Joint Stock Company)
Condensed Separate Interim Statement of Changes In Equity
For the Nine Months Ended September 30, 2023

	Note	Capital L.E. (000)	Legal reserve L.E. (000)	Other reserves L.E. (000)	Retained earnings L.E. (000)	Total L.E. (000)
Balance as of January 1, 2022	No.	17 070 716	2 223 826	2 787 550	12 659 510	34 741 602
Comprehensive income						
Net profit for the period		-	-	-	3 251 550	3 251 550
Total comprehensive income		-	-	-	3 251 550	3 251 550
Impact of Translation differences of foreign currency balances						
Transferred to legal reserve		-	347 797	-	(1 441 254)	(1 441 254)
Transactions with shareholders						
Dividends for year 2021 (Shareholders)		-	-	-	(1 707 072)	(1 707 072)
Dividends for year 2021 (Employees & Board of Directors)		-	-	-	(708 020)	(708 020)
Total transactions with shareholders		-	-	-	(2 415 092)	(2 415 092)
Balance as of September 30, 2022		17 070 716	2 571 623	2 787 550	11 706 917	34 136 806
Balance as of January 1, 2023		17 070 716	2 571 623	2 787 550	13 024 149	35 454 038
Comprehensive income						
Net profit for the period		-	-	-	6 141 520	6 141 520
Total comprehensive income		-	-	-	6 141 520	6 141 520
Impact of translation differences of foreign currencies balances (30-3)						
Transferred to legal reserve		-	367 295	-	(2 745 720)	(2 745 720)
Transactions with shareholders						
Dividends for year 2022 (Shareholders)		-	-	-	(2 133 840)	(2 133 840)
Dividends for year 2022 (Employees & Board of Directors)		-	-	-	(806 506)	(806 506)
Total transactions with shareholders		-	-	-	(2 940 346)	(2 940 346)
Balance as of September 30, 2023		17 070 716	2 938 918	2 787 550	13 112 308	35 909 492

The attached notes on pages (6) to (26) are an integral part of these condensed separate interim financial statements.

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

		<u>For the nine months ended:</u>	
	<u>Note</u>	<u>30/9/2023</u>	<u>30/9/2022</u>
	<u>No.</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>
<u>Cash flows from operating activities :</u>			
Cash receipts from customers and notes receivable		22 052 548	15 149 208
Cash receipts from related party		6 895 672	10 397 099
Stamp tax and fees collected (from third party)		82 295	70 387
Deposits collected from customers		43 504	39 045
Cash paid to suppliers		(5 452 351)	(6 298 211)
Payments for NTRA license fees		(1 088 917)	(929 318)
Cash paid to Board of Directors		(15 250)	(14 300)
Cash paid to employees		(4 884 724)	(4 211 490)
Cash paid on behalf of employees to third party		(837 867)	(755 720)
Payments to Tax Authority - taxes other than income tax		(2 900 549)	(2 595 961)
Other payments		(270 769)	(571 295)
Cash provided by operating activities		<u>13 623 592</u>	<u>10 279 444</u>
Interest paid		(2 922 146)	(707 348)
Payments to Tax Authority - Income tax		(235 394)	(235 810)
Net cash provided by operating activities		<u>10 466 052</u>	<u>9 336 286</u>
<u>Cash flows from investing activities :</u>			
Payments for purchase of fixed assets and projects under construction		(15 356 032)	(8 951 667)
Payments for purchase of intangible assets		(2 812 797)	(1 933 568)
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		299 188	15 565
Dividends collected from investments		2 192 212	1 431 620
Proceeds from financial assets at amortized cost - treasury bills income		91 370	15 660
Net cash used in investing activities		<u>(15 586 059)</u>	<u>(9 413 832)</u>
<u>Cash flows from financing activities :</u>			
Payments of loans		(3 276 390)	(1 520 468)
Net proceeds (payments) of credit facilities		14 065 955	2 984 067
Payments of lease liabilities		(171 666)	(137 462)
Dividends paid to shareholders		(2 133 840)	(1 707 072)
Net cash provided by (used in) financing activities		<u>8 484 059</u>	<u>(380 935)</u>
Net change in cash and cash equivalents during the period		<u>3 364 052</u>	<u>(458 481)</u>
Cash and cash equivalents at the beginning of the period	(18)	<u>6 115 484</u>	<u>2 274 871</u>
Cash and cash equivalents at the end of the period	(18)	<u>9 479 536</u>	<u>1 816 390</u>

The attached notes on pages (6) to (26) 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, 2023

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 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 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, 2023.

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, 2023 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, 2023.
- 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) and its amendments 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. (30-3).

2-2 Basis of measurement

- These Condensed Separate 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 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:
 - Measuring Expected credit losses.
 - Deferred tax assets and liabilities.
 - Impairment of non-financial assets.
 - Provisions and contingencies.
 - Operational useful life of fixed and other assets.
 - 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 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.
- 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	5 300 466	4 766 214	1 827 826	1 669 043
Enterprise	1 972 431	1 777 218	667 904	614 019
Domestic wholesale	13 654 785	10 683 474	4 199 465	3 631 738
International carriers	5 601 065	3 350 126	1 878 461	1 087 792
International cables and networks	5 843 387	3 434 052	1 899 374	1 987 799
	32 372 134	24 011 084	10 473 030	8 990 391

Total operating revenues have increased by an amount of L.E. 8 361 050 K due to the increase in domestic wholesale revenues by an amount of L.E. 2 971 311 K. due to the increase in access service and infrastructure revenues and international cables and networks revenues by an amount of L.E. 2 409 335 K in addition to the increase in international carriers revenues by an amount of L.E. 2 250 939 K, and home and personal communications revenues by an amount of L.E. 534 252 K due to the increase in revenues resulting from fixed line and rendering mobile phone service, and the increase in enterprise revenues by an amount of L.E. 195 213 K.

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	6 413 466	4 621 076	2 313 766	1 580 045
Salaries and wages	2 441 821	1 831 374	865 575	650 696
Company's social insurance contribution	229 444	201 914	76 905	65 637
Frequencies and licenses charges (NTRA)	1 363 083	1 290 426	421 351	513 744
Other operating cost	3 443 353	2 589 884	1 115 094	930 156
	20 183 105	15 362 408	6 955 584	5 380 696

Operating costs have increased by an amount of L.E. 4 820 697 K mainly due to the following: -

- The increase in Call cost by an amount of L.E. 1 464 204 K which is mainly due to the increase in cost of international fees by an amount of L.E. 1 496 374 K. however, the decrease in cost of national roaming fees by an amount of L.E. 517 385 K, led to the limitation of this increase.
- The increase in the depreciation and amortization item by an amount of L.E. 1 792 390 K due to the additions of the last quarter of the previous year and the current period.
- The increase in the other operating cost by an amount of L.E. 853 469 K which is mainly due to the increase in organizations services costs item by an amount of L.E. 332 664 K, and Maintenance item by an amount of L.E. 252 504 K.

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	1 062 762	894 165	342 315	305 683
Company's social insurance contribution	105 620	98 224	34 813	31 497
Advertising and marketing	476 604	317 009	159 561	94 365
Organizations services costs	489 933	351 353	169 016	129 199
Agents' commissions and collection organizations	387 907	355 296	134 947	130 300
Depreciation & Amortization	27 948	26 382	9 344	8 892
Other selling and distribution expenses	93 474	133 076	27 921	47 881
	<u>2 644 248</u>	<u>2 175 505</u>	<u>877 917</u>	<u>747 817</u>

The increase in selling and distribution expenses by an amount of L.E 468 743 K mainly due to the increase in salaries and wages item by an amount of L.E 168 597 K mainly due to the annual increases during the period and advertising and marketing item by an amount of L.E 159 595 K.

6. GENERAL AND ADMINISTRATIVE EXPENSES

	<u>Note</u>	<u>For the nine months ended :</u>		<u>For the three months ended :</u>	
		<u>30/9/2023</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		1 828 061	1 465 149	583 712	519 271
Company's social insurance contribution		150 304	135 181	50 556	44 117
The company's contribution in loyalty and belonging fund	(9)	150 000	150 000	50 000	50 000
Depreciation & Amortization		47 335	42 701	15 789	14 052
Tax and duties		240 126	143 665	134 513	64 816
Organizations services costs and consultants		514 630	368 962	203 425	138 141
Other general and administrative expenses		311 035	207 995	112 572	91 288
		<u>3 241 491</u>	<u>2 513 653</u>	<u>1 150 567</u>	<u>921 685</u>

The increase in general and administrative expenses by an amount of L.E 727 838 K mainly due to the increase of salaries, wages item by an amount of L.E 362 912 K mainly due to the annual increases during the period and organizations services cost and consultants item by an amount of L.E 145 668 K.

7. NET FINANCE COST

The increase in net finance cost by an amount of L.E 1 273 429 K during the period is mainly due to the increase in the debit interest by an amount of L.E. 2 180 000 K, and finance costs for credit contracts by an amount of L.E 249 914 K, however the increase in credit interest by an amount of L.E. 375 528 K, led to the limitation of this increase.

8. INCOME FROM INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

	<u>For the nine months ended :</u>		<u>For the three months ended :</u>	
	<u>30/9/2023</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>
<u>8-1 Income from investment in subsidiaries</u>				
WE-Data	218 500	218 500	-	-
Middle East Radio Communication (Merc)	3 792	2 729	-	-
The Egyptian Telecommunication Company for information system (Xceed)	62 500	62 500	-	-
Centra for Technology (Centra)	38 195	2 938	-	-
<u>8-2 Income from investment in associates</u>				
Vodafone Egypt Telecommunications Company	2 107 410	1 301 896	-	-
	<u>2 430 397</u>	<u>1 588 563</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, 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 held in 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.

	<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>
Net profit for the period (LE in thousand)	6 141 520	3 251 550	416 837	655 648
Weighted average for number of shares available during the period	1707 071 600	1707 071 600	1707 071 600	1707 071 600
Basic and diluted earnings per share for the period (LE / share)	<u>3.60</u>	<u>1.90</u>	<u>0.24</u>	<u>0.38</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	31/12/2022
	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	2 386 374	2 386 374	-	-	2 386 374	2 386 374	2 386 374
Buildings & Infrastructure	49 534 989	43 815 117	21 911 968	19 786 406	27 623 021	24 028 711	26 220 326
Centrals & information technologies equipment	42 790 543	34 450 804	18 843 408	18 043 215	23 947 135	16 407 589	20 567 652
Vehicles	284 823	289 023	132 553	112 407	152 270	176 616	170 103
Furniture	554 163	517 341	404 052	365 672	150 111	151 669	157 956
Tools & supplies	269 904	245 918	189 517	169 681	80 387	76 237	86 900
Projects under construction	13 395 448	5 567 405	-	-	13 395 448	5 567 405	8 965 558
Total	109 216 244	87 271 982	41 481 498	38 477 381	67 734 746	48 794 601	58 554 869

- 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. 11 969 666 K, however the depreciation of the period by an amount of L.E. 5 071 498 K led to the limitation of this increase.
- The cost of fixed assets as of September 30, 2023 includes an amount of L.E. 13 351 Million fully depreciated fixed assets and still in use.(against an amount of L.E. 14 844 Million for the same period of 2022).
- The fixed assets additions includes an amount of L.E 2 716 071 K (against an amount of L.E. 760 931 K for the same period of 2022) 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. (30-3).
- Reclassification was made on comparative figures as shown in Note No. (29).

12. USUFRUCT ASSETS

	30/9/2023	31/12/2022
	<u>L.E. (000)</u>	<u>Reclassified L.E. (000)</u>
Cost		
Usufruct (projects)	1 234 744	480 175
Submarine cables (rights of way)	2 632 674	2 214 363
Right of way (local)	705 144	440 684
Land (possession-usufruct)	440 684	557 309
Projects under construction	2 622 536	1 881 313
	7 635 782	5 573 844
Less:		
Accumulated amortization	1 490 174	1 288 050
Net carrying amount of usufruct assets	6 145 608	4 285 794

- The decrease in net carrying value of usufruct assets by an amount of L.E 1 205 811 K mainly due to the increase in projects under construction by an amount of L.E 754 569 K. however, the increase in Usufruct (projects) by an amount of L.E 754 569 K, led to the limitation of this decrease.
- Usufruct assets cost includes at September 30, 2023 an amount of L.E 213 Million (against an amount of L.E. 210 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 nothing 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. (30-3).
- Reclassification was made on comparative figures as shown in Note No. (29).

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>
Beginning balance of cost	1 167 142	949 763
Additions during the period / year	105 376	228 695
Disposals during the period / year	-	(11 316)
Ending balance of cost	1 272 518	1 167 142
<u>Accumulated Amortization</u>		
Beginning balance of accumulated amortization	468 498	328 191
Amortization expense for the period / year	124 698	145 088
Disposals during the period / year	-	(4 781)
Ending balance of accumulated amortization	593 196	468 498
Net carrying amount as at the end of period / year	679 322	698 644

Amortization expense is distributed as follows:

	30/9/2023	30/9/2022
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Operating Costs	82 805	66 957
Selling and distribution expenses	20 710	19 413
General and administrative expenses	21 183	15 543
	124 698	101 913

- Reclassification was made on comparative figures as shown in Note No. (29).

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	855 320	949 763
Additions	105 376	228 695
Disposals	-	(10 690)
Payments	(171 666)	(648 800)
interest	73 898	336 352
Net present value for lease obligations resulting from right of use	862 928	855 320
<u>Less:</u>		
Current Lease obligations	184 364	157 220
Non Current Lease obligations	678 564	698 100

14. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

	<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>
14-1 Investments in subsidiaries				
- 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
- TE for sports investments**	98.00	996	98.00	996
- 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
14-2 Investments in associates				
- 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
		<u>6 653 769</u>		<u>6 653 769</u>
Less:				
Impairment loss on investments of subsidiaries and associates*		7 894		7 894
		<u>6 645 875</u>		<u>6 645 875</u>

*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.

** The purpose of the company was changed based on the decision of the Extraordinary General Assembly held on January 20, 2023, and an entry was made for this change in the commercial register.

***The company's direct and indirect share in Middle East Radio Communication (Merc) on September 30, 2023 is 51%.

15. INVENTORIES

	<u>30/9/2023</u>	<u>31/12/2022</u>
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Spare parts	1 047 324	759 153
Material supplies, Merchandise for sale and letters of credit	2 169 955	1 371 235
Others	26 412	40 471
	<u>3 243 691</u>	<u>2 170 859</u>

The value of inventories was written down by an amount of L.E. 31 181 K (against L.E. 155 302 K as at December 31, 2022) for obsolete and slow-moving items directly from the cost of each type of related inventory.

16. TRADE AND NOTE RECEIVABLES

	30/9/2023	31/12/2022
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Trade Receivables - National	3 778 100	4 229 579
Trade Receivables - International	5 936 580	4 405 158
	<u>9 714 680</u>	<u>8 634 737</u>
<u>Less:</u>		
Expected credit loss provision	2 429 694	2 292 873
<u>Add:</u>		
Notes receivable	197 127	244 409
	<u>7 482 113</u>	<u>6 586 273</u>

Trade and note receivables balance has increased by an amount of L.E 895 840 K mainly due to the increase in international cables and networks by an amount of L.E 1 452 019 K, international carriers by an amount of L.E 79 403 K. however the decrease in domestic wholesale by an amount of L.E 258 658 K and enterprise by an amount of L.E 151 110 K led to the limitation of this increase.

17. DEBTORS AND OTHER DEBIT BALANCES

	30/9/2023	31/12/2022
	<u>LE (000)</u>	<u>Reclassified LE (000)</u>
Suppliers – debit balances	1 009 716	435 685
Deposites with others	336 924	299 717
Accrued revenues	27 234	13 170
Tax Authority - value added tax	781 375	1 509 382
Due from ministries, organizations and companies	1 905 043	1 097 687
Temporary debts due from employees	694 926	791 257
Other debit balances*	998 809	770 825
	<u>5 754 027</u>	<u>4 917 723</u>
<u>Less:</u>		
Expected credit loss provision	163 997	154 865
	<u>5 590 030</u>	<u>4 762 858</u>

- Debtors and other debit net balances have increased by an amount of L.E. 827 172 K mainly due to the increase in due from ministries, organizations and companies' item by an amount of L.E. 807 356 K, Suppliers – debit balances by an amount of L.E 574 031, however the decrease in the item of the Tax Authority – value added tax by an amount of L.E. 728 007 K led to the limitation of this increase.

- Reclassification was made on comparative figures as shown in Note No. (29).

18. CASH AND CASH EQUIVALENTS

	Note No.	30/9/2023 L.E. (000)	31/12/2022 L.E. (000)	30/9/2022 L.E. (000)
Banks - time deposits (less than 3 months)		6 349 923	3 430 395	109 073
Banks - current accounts		3 167 198	2 450 345	1 742 993
Cash on hand		10 385	3 760	6 897
Financial assets at amortized cost - Treasury bills (less than 3 months)		-	273 665	-
Cash and cash equivalents		9 527 506	6 158 165	1 858 963
Less:				
Restricted time deposits and current accounts at banks	(26)	47 970	42 681	42 573
Cash and cash equivalents as per cash flows statement		9 479 536	6 115 484	1 816 390

19. LOANS AND CREDIT FACILITIES

The increase in the balance of loans and credit facilities by an amount of L.E 15 643 765 K mainly resulted from credit facilities with local and foreign currencies during the period amounted to L.E. 14 065 955 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. 46 387 466 K (against LE 30 743 701 K at December 31, 2022) with an amount of L.E. 25 323 545 K due within a year.

20. CREDITORS AND OTHER CREDIT BALANCES

	30/9/2023 L.E. (000)	31/12/2022 L.E. (000)
Suppliers	3 031 146	2 087 677
Tax Authority (taxes other than income tax)	2 311 899	2 510 294
Deposits from others	662 917	604 851
Assets creditors	15 912 637	18 511 052
Accrued interest	406 828	282 565
Accrued expenses	1 185 276	1 093 597
Public Authority for Social Insurance	77 275	63 279
Trade receivables - credit balances	4 243 619	2 412 721
Credit balances- organizations and companies	444 768	380 405
Contract liabilities	2 111 311	676 913
National Telecommunication Regulatory Authority (NTRA)	2 063 334	1 512 582
Other credit balances	905 886	659 696
	33 356 896	30 795 632
Balances due within more than one year:		
Assets creditors	7 279 348	6 237 165
Contract liabilities	21 316	22 541
Non current creditors and other credit balances	7 300 664	6 259 706
Current creditors and other credit balances	26 056 232	24 535 926
Total creditors and other credit balances	33 356 896	30 795 632

Creditors and other credit balances have increased by an amount of L.E. 2 561 264 K mainly due to the increase in trade receivables – credit balances item by an amount of L.E. 1 830 898 K, deferred revenue item by an amount of L.E 1 434 398 K, and suppliers item by an amount of L.E. 943 469 K , however the decrease in Asset creditors item by an amount of L.E 2 598 415 K, led to the limitation of this increase.

21. PROVISIONS

	30/9/2023	31/12/2022
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Balance at the beginning of the period / year	763 973	1 039 354
Reclassification	-	138 319
Provision no longer required	-	(163 152)
Charged to statement of income for the period / year	28 800	-
Provision used during the period / year	<u>(140 163)</u>	<u>(250 548)</u>
Balance at the end of the period / year	<u>652 610</u>	<u>763 973</u>

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 LE 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

	30/9/2023	31/12/2022
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Legal reserve	2 938 918	2 571 623
Other reserves	<u>2 787 550</u>	<u>2 787 550</u>
	<u>5 726 468</u>	<u>5 359 173</u>

The balance of legal reserve has increased as a result of retaining an amount of L.E. 367 295 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

	30/9/2023		31/12/2022	
	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)	<u>2 980 687</u>	<u>(2 055 169)</u>	<u>2 046 835</u>	<u>(2 023 445)</u>
Net deferred tax assets	<u>925 518</u>	<u>-</u>	<u>23 390</u>	<u>-</u>
Deferred tax charged to the statement of income for the period / year	<u>144 604</u>		<u>195 153</u>	
Deferred tax charged to the statement of comprehensive income for the period / year	<u>757 524</u>		<u>1 224 686</u>	

24-2 Unrecognized deferred tax assets

	30/9/2023	31/12/2022
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Unrecognized deferred tax assets	<u>533 308</u>	<u>525 348</u>

Deferred tax assets have not been recognized for temporary differences resulting from uncertainty of utilization of their benefits in the foreseeable future.

24-3 Current income tax

	30/9/2023	31/12/2022
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Tax Authority - income tax	(360 324)	(783 592)
Less:		
Advanced payments	419 037	-
Tax Authority - withholding tax	<u>244 349</u>	<u>1 181 456</u>
	<u>303 062</u>	<u>397 864</u>

25. CAPITAL COMMITMENTS

The company's capital commitments for the unexecuted parts of contracts until September 30, 2023 amounted to L.E. 896 million (against L.E. 2 001 million at the year ended December 31, 2022).

26. CONTINGENT LIABILITIES

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

	30/9/2023	31/12/2022
	<u>LE (000)</u>	<u>LE (000)</u>
- Letters of guarantee issued by banks on behalf of the company	2 901 804	2 584 959
- Letters of credit	895 617	2 857 659

*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

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 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 were submitted according to the new real estate tax law No. 196 for the year 2008 on the due dates.

Notes to the Condensed Separate Interim Financial Statements
For The Nine Months Ended September 30, 2023 (continued)

Translation from Arabic

28. 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:

28-1 Transactions with subsidiaries & associates

	Nature of transaction during the period	Amount of transactions during the period stated in the income statement		Movement during the period		Balance as of	
		L.E.000	L.E.000	Debit L.E.000	Credit L.E.000	30/9/2023 (Credit) / Debit L.E.000	31/12/2022 (Credit) / Debit L.E.000
- Egyptian Telecommunication Company for Information Systems	Services rendered from subsidiary company	530 104		803 180	907 716	(618 892)	(514 356)
- Egyptian Telecommunication Company for Information Systems	Lease of subsidiary company premises, electricity claims, maintenance and leased circuits and sale of fixed assets	36 571		1 918 778	483 979	1 378 647	(56 152)
- TE Globe	Maintenance & supplying devices	7 086		2 721 958	1 391 695	759 755	(570 508)
Total of debit balances due from subsidiaries				2 734 575	1 396 164	764 444	(573 967)
Credit balances due to subsidiaries and associates							
- WE Data	Participation contract and Purchasing of fixed assets and services rendered from subsidiaries company	208 345		17 977 927	16 975 244	(1 677 995)	(2 680 678)
- WE Data	Leased circuits and information transfer network rendered	8 977 308		15 603 714	17 776 899	(3 735 591)	(1 562 406)
				33 581 641	34 752 143	(5 413 586)	(4 243 084)
- TE Data Jordan	Participation contract	81 964		147 899	126 891	(18 190)	(39 198)
- TE Data Jordan	Leased international circuits	7 018		7 066	-	10 800	3 734
				154 965	126 891	(7 390)	(35 464)
- Centra for Electronic Industries	Maintenance & supplying devices	174 245		406 962	268 724	(69 489)	(207 727)
- Centra for Technologies	Maintenance & supplying devices	6 129		2 082	6 423	(1 829)	2 512
- Middle East Radio Communication (MERC)	Leased of information circuits	2 843		3 242	3 242	-	-
- T E investment Holding	Rendered services from subsidiary company	187 871		316 640	320 067	(40 637)	(37 210)
- T E investment Holding	Leased sites for subsidiary company	19		19	25	(12)	(6)
				316 659	320 092	(40 649)	(37 216)
- TE France	Participation contract	45 733		58 827	77 435	(127 654)	(109 046)
- Egyptian International Submarine Cables Company (EISCC)	Leased sites for subsidiary company	14		14	-	14	-
- Egyptian International Submarine Cables Company (EISCC)	Purchasing of intangible assets from subsidiaries company	-		1	-	(2 698)	(2 699)
- Egyptian International Submarine Cables Company (EISCC)	Payments on behalf of the company	-		2	-	5	3
				17	-	(2 679)	(2 696)
- Mena Cable	Maintenance - Rendered services from subsidiary company	9 982		110 948	54 524	(103 512)	(159 936)
- Mena Cable	Paid of expenses on behalf of parent company	4 295		41 171	16 962	(6 994)	(31 203)
- Mena Cable	Maintenance - Rendered services to subsidiary company	6 357		9 752	-	23 382	13 630
- Mena Cable	Capital increase	-		7 699	-	7 699	-
- Mena Cable	Payments of fees on behalf of MENA & Transfer of EISCC debt to company	-		208 845	190 755	(689 253)	(707 343)
				378 415	262 241	(768 678)	(884 852)
- Vodafone Egypt Telecommunications Company	Outgoing calls and voice services for associate company	2 500 194		8 176 961	7 704 071	(204 772)	(677 662)
- Vodafone Egypt Telecommunications Company	Incoming international calls, claims, transmissions, lease of locations and towers for the associate company	3 589 295		45 814 346	44 917 426	(6 636 726)	(6 771 714)

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

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 fiscal year ended in December 31, 2022, in addition to attending board sessions allowances stipulated in the ordinary general assembly of the company.

29- Comparative figures

- Reclassification was made to some of the comparative figures of the condensed separate interim statement of financial position 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:

	<u>31/12/2022</u> <u>as previously</u> <u>reported</u>	<u>Reclassification</u>	<u>31/12/2022</u> <u>Reclassified</u>
	<u>Debit / (Credit)</u>	<u>Debit / (Credit)</u>	<u>Debit / (Credit)</u>
	<u>LE(000)</u>	<u>LE(000)</u>	<u>LE(000)</u>
Fixed assets and projects under construction	49 589 311	8 965 558	58 554 869
Projects under construction	13 912 496	(13 912 496)	-
Other assets	15 059 919	(15 059 919)	-
Intangible assets (licenses and frequencies)	-	15 022 419	15 022 419
Usufruct assets	-	4 285 794	4 285 794
Right of use assets (lease contracts)	-	698 644	698 644
Current income tax	-	397 864	397 864
Debtors and other debit balances	5 944 314	(1 181 456)	4 762 858
Accrued income tax	(783 592)	783 592	-

30- SIGNIFICANT EVENTS

30-1 The effect of the liberalization of the exchange rate

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.

30-2 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>Egyptian Accounting Standard No. (10) amended 2023 "Fixed Assets" and Egyptian Accounting Standard No. (23) Amended 2023 "Intangible Assets".</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"> - 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"> - Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors". - Egyptian Accounting Standard No. (24) "Income Taxes" - Egyptian Accounting Standard No. (30) "Interim Financial Reporting" - Egyptian Accounting Standard No. (31) "Impairment of Assets" - Egyptian Accounting Standard No. (49) "Leasing Contracts" <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"> - 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. - 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. 	<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 on or after January 1, 2023, retrospectively, cumulative impact of the preliminary applying of the revaluation model shall be 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.</p> <p>These amendments are effective for annual financial periods on or after starting January 1, 2023, retrospectively, cumulative impact of the preliminary applying of the accounting treatment for agricultural produce harvested shall be 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.</p>

New or reissued standards	Summary of the most significant amendments	impact on the financial statements	Effective date
<p>Egyptian Accounting Standard No. (34) amended 2023 "Investment property"</p>	<ul style="list-style-type: none"> - This standard was reissued in 2023, allowing the use fair value model when subsequent measurement of investment property. - 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: - Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" - Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors." - Egyptian Accounting Standard No. (13) "The Effects of Changes in Foreign Exchange Rates " - Egyptian Accounting Standard No. (24) "Income Taxes" - Egyptian Accounting Standard No. (30) "Interim Financial Reporting " - Egyptian Accounting Standard No. (31) "Impairment of Assets" - Egyptian Accounting Standard No. (32) "Non-Current Assets Held for Sale and Discontinued Operations" - Egyptian Accounting Standard No. (49) "Leasing Contracts " 	<p>No impact on financial statement from applying the amendments on this standard</p>	<p>The amendments of adding the option to use the fair value model are effective for financial periods starting <u>on or after January 1, 2023</u> retrospectively, cumulative impact of the preliminary applying of the fair value model shall be 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.</p>
<p>Egyptian Accounting Standard No. (36) amended 2023 "Exploration for and Evaluation of Mineral Resources"</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 <u>on or after January 1, 2023,</u> retrospectively, cumulative impact of the preliminary applying of the revaluation model shall be 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.</p>

New or reissued standards	Summary of the most significant amendments	impact on the financial statements	Effective date
<p>Egyptian Accounting Standard No. (35) amended 2023 "Agriculture"</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 <u>on or after January 1, 2023 retrospectively</u>, cumulative impact of the preliminary applying of the accounting treatment for agricultural produce harvested shall be 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.</p>
<p>Egyptian Accounting Standard No. (50) "Insurance Contracts".</p>	<ul style="list-style-type: none"> - 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. - Egyptian Accounting Standard No. (50) replaces and cancels Egyptian Accounting Standard No. 37 "Insurance Contracts". - Any reference to Egyptian Accounting Standard No. (37) in other Egyptian Accounting Standards to be replaced by Egyptian Accounting Standard No. (50). - 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"> - Egyptian Accounting Standard No. (10) "Fixed Assets ". - Egyptian Accounting Standard No. (23) "Intangible Assets". - Egyptian Accounting Standard No. (34) " Investment property ". 	<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 <u>on or after July 1, 2024</u>, and if the Egyptian Accounting Standard No. (50) shall be applied for an earlier period, the company should disclose that fact.</p>

30-3 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 Separate interim financial statements for the current period as follows:

<u>Item</u>	Before applying the accounting treatment	The impact of applying the accounting treatment	After applying the accounting treatment
	Debit / (Credit)	Debit / (Credit)	Debit / (Credit)
	<u>L.E(000)</u>	<u>L.E(000)</u>	<u>L.E(000)</u>
	<u>30/9/2023</u>		<u>30/9/2023</u>
<u>1-Statement of financial position</u>			
Fixed assets and projects under construction	65 018 675	2 716 071	67 734 746
Intangible assets (licenses and frequencies)	13 920 176	769 171	14 689 347
Usufruct assets	6 112 929	32 679	6 145 608
Retained earnings	(15 858 028)	2 745 720	(13 112 308)
<u>2- Statement of income</u>			
Finance cost	10 553 113	(7 032 628)	3 520 485
Depreciations and amortizations	6 072 449	416 301	6 488 750
Total income tax	(1 296 110)	797 144	(498 966)
Basic and diluted earnings per share	(0.59)	4.19	3.60
<u>3-Statement of other comprehensive income</u>			
Translation differences of foreign currency balances	-	(3 542 864)	(3 542 864)
Deferred tax on translation differences of foreign currency balances	-	757 524	757 524
Income tax on translation differences of foreign currency balances	-	39 620	39 620

**30-4 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.

31- SIGNIFICANT ACCOUNTING POLICIES

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