



**Telecom Egypt Company**  
**(An Egyptian Joint Stock Company)**  
**Condensed Separate Interim Financial Statements**  
**For The Three Months Ended March 31, 2023**  
**And Limited Review Report**

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# Hazem Hassan

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*Translation from Arabic*

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

### **Introduction**

We have performed a limited review on the accompanying condensed separate statement of financial position of Telecom Egypt Company “an Egyptian joint stock company” as at March 31, 2023, and the related condensed separate statements of income, comprehensive income, changes in equity, and cash flows for the three months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed separate interim financial statements in accordance with Egyptian Accounting Standard number (30) “Interim Financial Reporting”. Our responsibility is to express a conclusion on these condensed separate interim financial statements based on our limited review.

### **Scope of Limited Review**

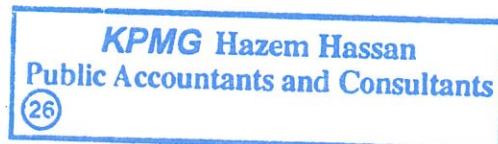
We conducted our limited review in accordance with Egyptian Standard on Review Engagements number (2410), "Limited Review of Interim Financial Statements Performed by the Independent Auditor of the Entity". A limited review of condensed separate interim financial statements consists of making inquiries,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

### **Conclusion**

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying condensed separate interim financial statements do not present fairly, in all material respects, the unconsolidated financial position of the company as of March 31, 2023, and of its unconsolidated financial performance and its unconsolidated cash flows for the three months then ended in accordance with Egyptian Accounting Standard number (30) “Interim Financial Reporting”.

KPMG Hazem Hassan  
Public Accountants & Consultants

Cairo, May 30, 2023




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

	Note No.	31/3/2023 L.E. (000)	31/12/2022 L.E. (000)
<b>Assets</b>			
<b>Non Current Assets</b>			
Fixed assets	(11)	51 446 429	49 589 311
Projects under construction	(12)	10 844 837	13 912 496
Investments in subsidiaries and associates	(13)	6 645 875	6 645 875
Financial assets at fair value through other comprehensive income		74 856	74 856
Other assets	(14)	18 864 971	15 059 919
Deferred tax assets	(25-1)	1 354 004	23 390
<b>Total Non Current Assets</b>		<b>89 230 972</b>	<b>85 305 847</b>
<b>Current Assets</b>			
Inventories	(15)	2 705 395	2 170 859
Trade and notes receivables	(16)	8 468 314	6 586 273
Debtors and other debit balances	(17)	5 109 213	5 944 314
Debit balances with associates and subsidiaries	(29)	2 598 179	2 512
Cash and cash equivalents	(18)	11 450 510	6 158 165
<b>Total Current Assets</b>		<b>30 331 611</b>	<b>20 862 123</b>
<b>Total Assets</b>		<b>119 562 583</b>	<b>106 167 970</b>
<b>Equity</b>			
Capital	(23)	17 070 716	17 070 716
Reserves	(24)	5 726 468	5 359 173
Retained earnings		9 198 881	13 024 149
<b>Total Equity</b>		<b>31 996 065</b>	<b>35 454 038</b>
<b>Non Current Liabilities</b>			
Long term loans	(19)	22 936 280	20 390 098
Lease Liabilities-long term	(21)	658 593	698 100
Creditors and other credit balances	(20)	7 073 689	6 259 706
<b>Total Non Current Liabilities</b>		<b>30 668 562</b>	<b>27 347 904</b>
<b>Current Liabilities</b>			
Short term loans and credit facilities	(19)	18 302 018	10 353 603
Lease Liabilities-short term	(21)	182 298	157 220
Creditors and other credit balances	(20)	30 376 771	24 535 926
Accrued credit accounts to subsidiaries	(29)	6 345 160	6 771 714
Accrued income Tax		988 943	783 592
Provisions	(22)	702 766	763 973
<b>Total Current Liabilities</b>		<b>56 897 956</b>	<b>43 366 028</b>
<b>Total Liabilities</b>		<b>87 566 518</b>	<b>70 713 932</b>
<b>Total Equity and Liabilities</b>		<b>119 562 583</b>	<b>106 167 970</b>

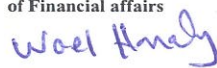
The attached notes on pages (6) to (25) are an integral part of these condensed separate interim financial statements.

Director of financial affairs



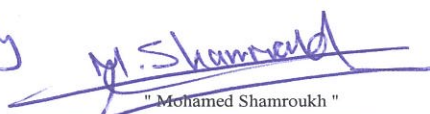
" Ehab Abdo "

Senior Director  
of Financial affairs



" Wael Hanafy "

Chief Financial Officer



" Mohamed Shamroukh "

Managing Director  
& Chief Executive Officer



" Mohamed Nasr "

Board of Directors approval

Chairman



Limited Review Report "attached"

"Maged Osman"

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

	Note	<b><u>For the three months ended :</u></b>	
		<b><u>31/3/2023</u></b>	<b><u>31/3/2022</u></b>
		<b><u>L.E.(000)</u></b>	<b><u>Reclassified L.E.(000)</u></b>
	<b><u>No.</u></b>		
Operating revenues	(3)	10 757 681	6 841 727
Operating costs	(4)	(6 437 461)	(4 804 342)
<b>Gross Profit</b>		<b>4 320 220</b>	<b>2 037 385</b>
Other operating income		326 844	160 172
Selling and distribution expenses	(5)	( 817 404)	( 693 394)
General and administrative expenses (Provision) / reversal of the Expected Credit Loss Provision	(6)	( 989 133)	( 748 364)
Other operating expenses		( 47 947)	( 63 585)
<b>Operating profit</b>		<b>2 693 593</b>	<b>713 912</b>
Finance income		199 916	94 351
Finance cost		( 982 659)	( 269 267)
<b>Net finance cost</b>	(7)	<b>( 782 743)</b>	<b>( 174 916)</b>
Income from investments in subsidiaries	(8)	<b>322 987</b>	<b>286 667</b>
<b>Net profit for the period before income tax</b>		<b>2 233 837</b>	<b>825 663</b>
Income tax expense		( 277 006)	( 374 684)
Deferred income tax expense	(25-1)	504 616	203 368
<b>Total income tax</b>		<b>227 610</b>	<b>( 171 316)</b>
<b>Net profit for the period</b>		<b>2 461 447</b>	<b>654 347</b>
<b>Basic and diluted earning per share for the period (L.E. / Share)</b>	(10)	<b>1.44</b>	<b>0.38</b>

The attached notes on pages (6) to (25) are an integral part of these condensed separate interim financial statements.



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

	<b><u>For the three months ended :</u></b>	
	<b><u>31/3/2023</u></b>	<b><u>31/3/2022</u></b>
	<b><u>L.E.(000)</u></b>	<b><u>L.E.(000)</u></b>
Net profit for the period	2 461 447	654 347
<b><u>Other Comprehensive Income Items:</u></b>		
Translation differences of foreign currency balances	(3 843 966)	(1 901 008)
Deferred tax on translation differences of foreign currency balances	825 998	427 727
Income tax on translation differences of foreign currency balances	38 894	-
	<hr/>	<hr/>
	(2 979 074)	(1 473 281)
Transferred to retained earnings during the period	2 979 074	1 473 281
	<hr/>	<hr/>
<b>Total Other Comprehensive Income</b>	<b>2 461 447</b>	<b>654 347</b>
	<hr/> <hr/>	<hr/> <hr/>

The attached notes on pages (6) to (25) are an integral part of these condensed separate interim financial statements.

**Telecom Egypt Company**  
(An Egyptian Joint Stock Company)  
**Condensed Separate Statement of Changes In Equity**  
**For the Three Months Ended March 31, 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)
<b>Balance as of January 1, 2022</b>		17 070 716	2 223 826	2 787 550	12 659 510	34 741 602
<b>Comprehensive income</b>						
Net profit for the period		-	-	-	654 347	654 347
<b>Total comprehensive income</b>					654 347	654 347
<b>Impact of Translation differences of foreign currency balances</b>					(1 473 281)	(1 473 281)
Transferred to legal reserve		-	347 797	-	( 347 797)	-
<b>Transactions with shareholders</b>						
Dividends for year 2021 (Shareholders)		-	-	-	(1 707 072)	(1 707 072)
Dividends for year 2021 (Employees & Board of Directors)		-	-	-	( 708 020)	( 708 020)
<b>Total transactions with shareholders</b>					(2 415 092)	(2 415 092)
<b>Balance as of March 31, 2022</b>		17 070 716	2 223 826	2 787 550	9 425 484	31 507 576
<b>Balance as of January 1, 2023</b>		17 070 716	2 571 623	2 787 550	13 024 149	35 454 038
<b>Comprehensive income</b>						
Net profit for the period		-	-	-	2 461 447	2 461 447
<b>Total comprehensive income</b>					2 461 447	2 461 447
<b>Impact of translation differences of foreign currencies balances</b>	( 32-1 )				(2 979 074)	(2 979 074)
Transferred to legal reserve		-	367 295	-	( 367 295)	-
<b>Transactions with shareholders</b>						
Dividends for year 2022 (Shareholders)		-	-	-	(2 133 840)	(2 133 840)
Dividends for year 2022 (Employees & Board of Directors)		-	-	-	( 806 506)	( 806 506)
<b>Total transactions with shareholders</b>					(2 940 346)	(2 940 346)
<b>Balance as of March 31, 2023</b>		17 070 716	2 571 623	2 787 550	9 566 176	31 996 065

The attached notes on pages (6) to (25) are an integral part of these condensed separate interim financial statements.

**Telecom Egypt Company**  
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**Condensed Separate Statement of Cash Flows**

**For the three months ended:**

	Note No.	31/3/2023 L.E.(000)	31/3/2022 L.E.(000)
<b>Cash flows from operating activities :</b>			
Cash receipts from trade and notes receivables		9 385 070	4 191 173
Cash receipts from related party		2 267 619	3 286 979
Stamp tax and fees collected (from third party)		45 057	56 274
Deposits collected from trade receivables		21 900	11 830
Cash paid to suppliers		(1 936 017)	(2 171 679)
Payments for NTRA license fees		( 279 520)	( 217 548)
Cash paid to Board of Directors		( 15 250)	( 13 165)
Cash paid to employees		(1 746 540)	(1 419 066)
Cash paid on behalf of employees to third party		( 263 540)	( 246 057)
<b>Cash provided by operating activities</b>		<b>7 478 779</b>	<b>3 478 741</b>
Interest paid		( 830 600)	( 201 749)
Payments to Tax Authority - income tax		( 16 357)	-
Payments to Tax Authority - value added tax		( 171 241)	( 223 650)
Payments to Tax Authority - other taxes		( 542 921)	( 536 386)
Other payments		( 405 895)	( 34 116)
<b>Net cash provided for operating activities</b>		<b>5 511 765</b>	<b>2 482 840</b>
<b>Cash flows from investing activities :</b>			
Payments for purchase of fixed assets , other assets and projects under construction		(3 892 193)	(3 067 143)
Payments for purchase of other assets		(2 082 377)	(1 719 720)
Payments for purchase of financial assets at amortized cost - treasury bills		-	( 597 889)
Interest received		80 640	4 399
Proceeds from financial assets at amortized cost - treasury bills		77 235	7 043
<b>Net cash used in investing activities</b>		<b>(5 816 695)</b>	<b>(5 373 310)</b>
<b>Cash flows from financing activities :</b>			
Payments of loans		( 943 220)	( 370 943)
Proceeds from credit facilities		6 566 357	2 771 228
Payments for lease liabilities		( 39 199)	( 31 188)
<b>Net cash provided for financing activities</b>		<b>5 583 938</b>	<b>2 369 097</b>
<b>Net change in cash and cash equivalents during the period</b>		<b>5 279 008</b>	<b>( 521 373)</b>
Cash and cash equivalents at the beginning of the period	(18)	6 115 484	2 274 871
<b>Cash and cash equivalents at the end of the period</b>	<b>(18)</b>	<b>11 394 492</b>	<b>1 753 498</b>

The attached notes on pages (6) to (25) 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 Three Months Ended March 31, 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 registered office of the company is 26 Ramses Street, Cairo, Egypt.
- 20% 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 May 29, 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 March 31, 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. (32).

#### **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.
- 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**

- 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



### 3. OPERATING REVENUES

	<b>For the three months ended:</b>	
	<b>31/3/2023</b>	<b>31/3/2022</b>
	<b>L.E. (000)</b>	<b>L.E. (000)</b>
Home and personal communications	1 637 022	1 478 496
Enterprise	714 648	513 981
Domestic wholesale	4 930 504	3 310 754
International carriers	1 829 787	1 034 299
International cables and networks	1 645 720	504 197
	<b>10 757 681</b>	<b>6 841 727</b>

Total operating revenues have increased by an amount of L.E. 3 915 954 K due to the increase in domestic wholesale revenues by an amount of L.E. 1 619 750 K due to the increase in infrastructure in addition to the increase in home and personal communications international cables and networks revenues by an amount of L.E. 1 141 523 K and international carriers revenues by an amount of L.E. 795 488 K and Home and personal communications by an amount of L.E. 158 526 K due to the increase in revenues resulting from fixed line and rendering mobile phone service and enterprise revenues by an amount of L.E. 200 667 K.

### 4. OPERATING COSTS

	<b>For the three months ended :</b>	
	<b>31/3/2023</b>	<b>31/3/2022</b>
	<b>L.E. (000)</b>	<b>L.E. (000)</b>
Interconnection call cost	1 939 623	1 528 171
Depreciation and amortization	2 002 007	1 522 541
Salaries and wages	740 229	572 931
Company's social insurance contribution	75 452	68 173
Frequencies and licenses charges (NTRA)	537 225	371 030
Other operating cost	1 142 925	741 496
	<b>6 437 461</b>	<b>4 804 342</b>

Operating costs have increased by an amount of L.E. 1 633 119 K mainly due to the following: -

- The increase of interconnection call cost by an amount of L.E. 411 452 K which is mainly due to the increase in international fees costs however, the decrease in national roaming fees by an amount of L.E. 246 854 K led to the limitation of this increase.
- The increase in the depreciation and amortization item by an amount of L.E. 479 466 K due to the additions of the last year after the first quarter and the current period.
- The increase in frequencies and licenses charges (NTRA) item by an amount of L.E. 166 195 K.
- The increase in the other operating cost by an amount of L.E. 403 223 K which is mainly due to the increase Maintenance in by an amount of L.E. 113 005 K and the increase in organization services costs by an amount of L.E. 109 627 K and the increase in IRU right of use item by an amount of L.E. 63 554 K.

## 5. SELLING AND DISTRIBUTION EXPENSES

	<b>For the three months ended :</b>	
	<b>31/3/2023</b>	<b>31/3/2022</b>
	<b>L.E. (000)</b>	<b>L.E. (000)</b>
Salaries and wages	346 841	292 604
Company's social insurance contribution	35 011	33 524
Advertising and marketing	111 501	107 988
Organizations services costs	167 446	104 579
Agents' commissions and collection organizations	120 673	108 859
Depreciation and Amortization	8 944	8 722
Other selling and distribution expenses	26 988	37 118
	<b>817 404</b>	<b>693 394</b>

The increase in selling and distribution expenses by an amount of L.E 124 010 K mainly due to the increase in organizations services costs by an amount of L.E 62 867 K and the increase in salaries and wages item by an amount of L.E 54 237 K as a result of an annual increase during the period.

## 6. GENERAL AND ADMINISTRATIVE EXPENSES

	<b>Note</b>	<b>For the three months ended :</b>	
		<b>31/3/2023</b>	<b>31/3/2022</b>
	<b>No.</b>	<b>L.E. (000)</b>	<b>L.E. (000)</b>
Salaries and wages		590 883	448 805
Company's social insurance contribution		49 221	45 651
The company's contribution in loyalty and belonging fund	(9-2)	50 000	50 000
Depreciation and Amortization		15 758	14 580
Tax and duties		48 458	35 118
Organizations services costs and consultants		140 881	102 895
Other general and administrative expenses		93 932	51 315
		<b>989 133</b>	<b>748 364</b>

The increase in general and administrative expenses by an amount of L.E 240 769 K mainly due to the increase in Salaries and wages item by an amount of L.E 142 078 K as a result of an annual increase during the period, and organizations services cost and consultants item by an amount of L.E. 37 986 K.

## 7. NET FINANCE COST

The increase in net finance cost by an amount of L.E 607 827 K during the period is mainly due to the increase in debit interest by an amount of L.E 653 121 K and finance costs for credit contracts by an amount of L.E 60 271 K, however the increase in the credit interest by an amount of L.E 156 870 K led to the limitation of this increase.



## **8. INCOME FROM INVESTMENT IN SUBSIDIARIES AND ASSOCIATES**

	<b>For the three months ended :</b>	
	<b>31/3/2023</b>	<b>31/3/2022</b>
	<b>L.E. (000)</b>	<b>L.E. (000)</b>
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
	<b>322 987</b>	<b>286 667</b>

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

## **9. EMPLOYEE'S BENEFITS**

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

The employees are granted an end of service benefits through a Loyalty & belonging Fund established in January 2004. Employees' benefit is based on the employees' basic salary in January 1, 2015 increasing annually at a compound rate of 5%. The subscription for employees hired after January 1, 2015 is calculated according to a subscription schedule for new hires and increase annually at a compound rate of 5% starting from the next year of the hiring date with the same conditions of periodical raise of employees.

Noting that the General Assembly of the Loyalty and belonging Fund, which was held in December 2022, approved the amendment of the subscription fee for disbursing benefits and collecting contributions to be the basic wage on 1/1/2017, provided that this amendment takes effect from 1/1/2022 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 50 M for the period ended in March 31, 2023 (against an amount of L.E. 50 M for the same period of 2022).

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

	<b>For the three months ended :</b>	
	<b>31/3/2023</b>	<b>31/3/2022</b>
	Net profit for the period (LE in thousand)	2 461 447
Number of shares available during the period (share)	1707 071 600	1707 071 600
Basic and diluted earnings per share for the period (LE / share)	<b>1.44</b>	<b>0.38</b>

**11. FIXED ASSETS**

Description	31/3/2023	31/3/2022	31/3/2023	31/3/2022	31/3/2023	31/3/2022	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>L.E.(000)</u>	<u>L.E.(000)</u>
Land	2 386 374	2 386 374	-	-	2 386 374	2 386 374	2 386 374
Buildings & Infrastructure	47 270 785	42 281 149	20 821 368	18 846 166	26 449 417	23 434 983	26 220 326
Centrals & information technologies equipment	40 225 066	33 708 948	18 018 046	17 206 154	22 207 020	16 502 794	20 567 652
Vehicles	284 869	245 934	120 710	106 202	164 159	139 732	170 103
Furniture	534 328	502 911	382 628	345 513	151 700	157 398	157 956
Tools & supplies	266 625	238 060	178 866	156 080	87 759	81 980	86 900
<b>Total</b>	<b>90 968 047</b>	<b>79 363 376</b>	<b>39 521 618</b>	<b>36 660 115</b>	<b>51 446 429</b>	<b>42 703 261</b>	<b>49 589 311</b>

- The increase in net carrying value of fixed assets mainly due to the additions during the period by an amount of L.E.1 949 553 K, however the depreciation of the period by an amount of L.E. 1 563 276 K led to limitation of this increase.

-The cost of fixed assets as of March 31, 2023 includes an amount of L.E. 13 304 Million fully depreciated fixed assets and still in use (against an amount of L.E. 140 33 K for the same period of 2022).

- The fixed assets include additions by an amount of L.E 1 756 239 K (against an amount of L.E. 641 901 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. (32-1).

## 12. PROJECTS UNDER CONSTRUCTION

	<b>31/3/2023</b>	<b>31/12/2022</b>
	<b><u>LE (000)</u></b>	<b><u>LE (000)</u></b>
Land	324 945	324 945
Buildings and Infrastructure	3 132 524	2 810 460
Tools and supplies	2 514	7 449
Centrals and information technology equipment	3 246 518	3 916 565
Other Assets	1 605 179	4 445 512
Advanced payments - fixed assets	2 533 157	2 407 565
	<b><u>10 844 837</u></b>	<b><u>13 912 496</u></b>

The balance of projects in progress is represented in the part that has been executed from commitments capital and contracts, and the advanced payment until March 31, 2023.

The balance of projects in progress includes an amount of L.E 532 108 K (against an amount of L.E. 147 367 K for the same period of 2022), representing the currency differences for the three months resulting from the translation of obligations in foreign currencies existing on the date of the exchange rate liberation and related to the acquisition of these assets Note No. (32-1).

## 13. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

	<u>31/3/2023</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>
<b>13-1 Investments in subsidiaries</b>				
- Telecom Egypt France (TE France)	100.00	69 220	100.00	69 220
- WE Data	99.99	252 461	99.99	252 461
- TE Investment Holding	99.99	39 998	99.99	39 998
- Egyptian international submarine cables company (Eiscc)	99.00	267 578	99.00	267 578
- 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
<b>13-2 Investments in associates</b>				
- Wataneya for Telecommunications	50.00	125	50.00	125
- Vodafone Egypt Telecommunications Company	44.95	5 960 054	44.95	5 960 054
- Egypt Trust	35.71	10 000	35.71	10 000
		<b><u>6 653 769</u></b>		<b><u>6 653 769</u></b>
<b>Less:</b>				
Impairment loss on investments of subsidiaries and associates*		7 894		7 894
		<b><u>6 645 875</u></b>		<b><u>6 645 875</u></b>

\*Impairment loss on investments of subsidiaries and associates is formed for, Telecom Egypt France by an amount of L.E 269 K, Egypt Trust by an amount of L.E. 7 500 K, 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 Jan 20, 2023, and an entry was made for this change in the commercial register.



#### 14. OTHER ASSETS

	<b>31/3/2023</b>	<b>31/12/2022</b>
	<b><u>L.E. (000)</u></b>	<b><u>L.E. (000)</u></b>
<b><u>Cost</u></b>		
Licenses granted for mobile services	18 830 447	14 995 652
Usufruct (Projects)	916 841	480 175
Lease (right of use)	1 168 657	1 167 142
Submarine cables (right of way)	2 214 363	2 214 363
Right of way ( National )	557 309	440 684
Land (possession-usufruct)	440 684	557 309
	<b><u>24 128 301</u></b>	<b><u>19 855 325</u></b>
<b><u>Less:</u></b>		
Accumulated amortization	5 263 330	4 795 406
<b>Net carrying amount</b>	<b><u>18 864 971</u></b>	<b><u>15 059 919</u></b>

- The increase in net carrying value of other assets mainly due to the increase in licenses granted for mobile services item by an amount of L.E 3 065 624 K.
- Other assets cost includes at March 31, 2023 an amount of L.E 213 Million, other assets fully amortized and still in use in operating (against an amount of L.E. 315 M for the same period of 2022).
- The other assets additions include an amount of L.E 773 693 K(against an amount of L.E. 214 419 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. (32-1).

#### 15. INVENTORIES

	<b>31/3/2023</b>	<b>31/12/2022</b>
	<b><u>L.E. (000)</u></b>	<b><u>L.E. (000)</u></b>
Spare parts	884 375	759 153
Material supplies, Merchandise for sale and letters of credit	1 780 979	1371 235
Others	40 041	40 471
	<b><u>2 705 395</u></b>	<b><u>2 170 859</u></b>

The decrease of inventory value of L.E. 155 302 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 NOTES RECEIVABLES**

	<b>31/3/2023</b>	<b>31/12/2022</b>
	<b><u>L.E. (000)</u></b>	<b><u>L.E. (000)</u></b>
Trade Receivables - National	4 730 829	4 229 579
Trade Receivables - International	5 895 370	4 405 158
	<b><u>10 626 199</u></b>	<b><u>8 634 737</u></b>
<b>Less:</b>		
Expected credit loss provision	2 386 272	2 292 873
<b>Add:</b>		
Notes receivable	228 387	244 409
	<b><u>8 468 314</u></b>	<b><u>6 586 273</u></b>

Trade receivables balance has increased by an amount of L.E 1 882 041 K mainly due to the increase in trade receivables- international cables and networks by an amount of L.E 1 317 327 K ,trade receivables – domestic wholesale by an amount of L.E 318 237 K and trade receivables - international carriers by an amount of L.E 172 885 K,trade receivables –Enterprise by an amount of L.E 158 622K and trade receivables –Home and personal communications by an amount of LE. 24 391 K.

**17. DEBTORS AND OTHER DEBIT BALANCES**

	<b>31/3/2023</b>	<b>31/3/2022</b>
	<b><u>LE (000)</u></b>	<b><u>LE (000)</u></b>
Suppliers – advanced payments	736 640	435 685
Deposites with others	301 779	299 717
Accrued revenues	322 202	13 170
Tax Authority - value added tax	432 629	1 509 382
Tax Authority - withholding tax	1 186 073	1 181 456
Tax authority - income tax	39 452	39 452
Due from ministries, organizations and companies	1 255 598	1 097 687
Temporary debts due from employees	220 393	791 257
Other debit balances	774 900	731 373
	<b><u>5 269 666</u></b>	<b><u>6 099 179</u></b>
<b>Less:</b>		
Impairment loss on debtors and other debit balances	160 453	154 865
	<b><u>5 109 213</u></b>	<b><u>5 944 314</u></b>

Debtors and other debit net balances have decrease by an amount of L.E. 835 101 K mainly due to the decrease in Tax authority (value added tax) item by an amount of L.E. 1 076 753 K and Temporary debts due from employees by an amount of 570 864 K as a result of employees' dividends approval for the year 2022, however the increase in accrued revenues item by an amount of L.E. 309 032 K , suppliers – advanced payments item by an amount of L.E. 300 955 K and due from ministries, organizations and companies item by an amount of L.E. 157 911 K led to the limitation of this decrease.

## 18. CASH AND CASH EQUIVALENTS

	31/3/2023	31/12/2022	31/3/2022
	L.E. (000)	L.E. (000)	L.E. (000)
Banks - time deposits (less than 3 months)	4 217 203	3 430 395	404 758
Banks - current accounts	4 717 034	2 450 345	1 134 929
Cash on hand	6 906	3 760	6 537
Treasury bills (less than 3 months)	2 509 367	273 665	248 559
<b>Cash and cash equivalents</b>	<b>11 450 510</b>	<b>6 158 165</b>	<b>1 794 783</b>
<b>Less:</b>			
Restricted time deposits and current accounts at banks	56 018	42 681	41 285
<b>Cash and cash equivalents as per cash flows statement</b>	<b>11 394 492</b>	<b>6 115 484</b>	<b>1 753 498</b>

## 19. LOANS AND CREDIT FACILITIES

The increase in the balance of loans and credit facilities by an amount of L.E 10 494 597 K mainly resulting from credit facilities with local and foreign currencies amounted to L.E. 6 537 548 K, where loans and credit facilities with local and foreign currencies in March, 31 2023 amounted to L.E. 41 238 298 K (against LE 30 743 701 K at December, 31 2022) due within a year by an amount of L.E. 18 302 018 K.

## 20. CREDITORS AND OTHER CREDIT BALANCES

	Note No.	31/3/2023	31/3/2022
		L.E. (000)	L.E. (000)
Suppliers		2 585 457	2 087 677
Tax Authority (taxes other than income tax)		2 563 267	2 510 294
Deposits from others		592 515	604 851
Assets creditors		17 109 061	18 511 052
Dividends creditors		2 133 840	–
Accrued interest		367 263	282 565
Accrued expenses		905 364	1 093 597
Public Authority for Social Insurance		79 450	63 279
Trade receivables - credit balances		3 577 520	2 412 721
Credit balances- organizations and companies		318 418	380 405
Deferred revenue		4 326 294	676 913
National Telecommunication Regulatory Authority (NTRA)		2 140 228	1 512 582
Other credit balances		751 783	659 696
		<b>37 450 460</b>	<b>30 795 632</b>
<b>balances due within more than one year:</b>			
Assets creditors		7 052 373	6 237 165
Deffered revenue		21 316	22 541
<b>Non current creditors and other credit balances</b>		<b>7 073 689</b>	<b>6 259 706</b>
<b>Current creditors and other credit balances</b>		<b>30 376 771</b>	<b>24 535 926</b>
<b>Total creditors and other credit balances</b>		<b>37 450 460</b>	<b>30 795 632</b>

Creditors and other credit balances have increased by an amount of L.E. 6 654 828 K mainly due to the increase in deferred revenue item by an amount of L.E 3 649 381 K, dividends creditors item by an amount of L.E. 2 133 840 K as a result of shareholders' dividends distribution for the year 2022, trade receivables – credit balances item by an amount of L.E. 1 164 799 K and National Telecommunication Regulatory Authority (NTRA) item by an amount of L.E. 627 646 K. however, the decrease in assets creditors by an amount of 1 401 991 K led to the limitation of this increase.

## 21. Lease Liabilities

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

	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b><u>L.E. (000)</u></b>	<b><u>L.E. (000)</u></b>
Beginning balance of Present value for lease liabilities	855 320	949 763
Additions	1 514	228 695
Disposals	-	( 10 690)
Payments	( 39 199)	( 648 800)
interest	23 256	336 352
<b>Lease liabilities</b>	<b><u>840 891</u></b>	<b><u>855 320</u></b>
<b><u>Net present value of lease liabilities contracts</u></b>		
<b>Current Liabilities</b>	<b>182 298</b>	<b>157 220</b>
<b>Non Current Liabilities</b>	<b><u>658 593</u></b>	<b><u>698 100</u></b>

## 22. PROVISIONS

	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b><u>L.E. (000)</u></b>	<b><u>L.E. (000)</u></b>
Balance at the beginning of the period / year	763 973	1 039 354
Reclassification during the period/year	-	138 319
Reversal	-	( 163 152)
Used during the period / year	( 61 207)	( 250 548)
<b>Balance at the end of the period / year</b>	<b><u>702 766</u></b>	<b><u>763 973</u></b>

## 23. CAPITAL

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

## 24. RESERVES

	<b>31/3/2023</b>	<b>31/3/2022</b>
	<b><u>L.E. (000)</u></b>	<b><u>L.E. (000)</u></b>
Legal reserve	2 938 918	2 571 623
Other reserves	2 787 550	2 787 550
	<b><u>5 726 468</u></b>	<b><u>5 359 173</u></b>

\*The balance of legal reserve has increased as a result of retaining an amount of L.E. 367 294 K from the profit of 2022 in accordance with the company's articles of association.



**25. DEFERRED TAX**

**25-1 Recognized deferred tax assets and liabilities**

	31/3/2023		31/12/2022	
	Assets	Liabilities	Assets	Liabilities
	L.E.(000)	L.E.(000)	L.E.(000)	L.E.(000)
Total deferred tax asset / (liability)	3 348 510	(1 994 506)	2 046 835	(2 023 445)
Net deferred tax asset	1 354 004	-	23 390	-
Deferred tax charged to the statement of income for the period / year		504 616		-
Deferred tax charged to the statement of other comprehensive income for the period / year		825 998		-

**25-2 Unrecognized deferred tax assets**

	31/3/2023	31/3/2022
	L.E. (000)	L.E. (000)
Unrecognized deferred tax assets	546 006	525 348

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

**26. CAPITAL COMMITMENTS**

The company's capital commitments for the unexecuted parts of contracts until March 31, 2023 amounted to L.E. 1 814 Million (against L.E.2 001 Million at the year ended December 31, 2022).

**27. CONTINGENT LIABILITIES**

In addition to the amounts included in the condensed separate statement of financial position, the company has the following contingent liabilities as at March 31, 2023:

	31/3/2023	31/12/2022
	LE (000)	LE (000)
- Letters of guarantee issued by banks on behalf of the company	2 871 594	2 584 959
- Letters of credit	2 788 997	2 857 659



## **28. TAX POSITION**

### **28-1 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 Jan 1, 2019 until Dec 31, 2021 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.

### **28- 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.

### **28- 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 and 2016 is in process.No forms or claims have been issued to date.
- The company is regular in deducting and remitting tax on legal dates according to the law No. 91 of 2005, 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.

### **28- 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, 2018 was performed and due taxes were settled.

### **28- 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.

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

Notes to the Condensed Separate Interim Financial Statements  
For The Three Months Ended March 31, 2023 (continued)

Translation from Arabic

29.

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

Transactions with subsidiaries & associates

Nature of transaction during the year	Amount of transactions during the period as of 31/3/2023		Movement during the period		Balance as of 31/12/2022	
	Debit L.E. 000	Credit L.E. 000	Debit L.E. 000	Credit L.E. 000	Debit L.E. 000	Credit L.E. 000
<u>Debit balances due from subsidiaries and associates</u>						
- Centra for Electronic industries		2 008	1 028	2 102	1 438	2 512
			1 028	2 102	1 438	2 512
		815 684				
- Vodafone Egypt Telecommunications Company						
- Vodafone Egypt Telecommunications Company		1 626 194	6 702 002	3 427 599	2 596 741	( 677 662)
			6 702 002	3 427 599	2 596 741	( 677 662)
<u>Credit balances due to subsidiaries and associates</u>						
- Egyptian Telecommunication for Information System (Xceed)		180 886	414 074	279 604	( 379 886)	( 514 356)
- Egyptian Telecommunication for Information System (Xceed)		16 257	529 402	284 864	188 386	( 56 152)
		59 029	943 476	564 468	( 191 500)	( 570 508)
		2 792 712	8 289 433	5 606 336	2 419	( 2 680 678)
			4 878 832	8 116 425	( 4 799 999)	( 1 562 406)
			13 168 265	13 722 761	( 4 797 580)	( 4 243 084)
		26 385	4 661	17 327	( 51 864)	( 39 198)
		2 121	2 198	-	5 932	3 734
		69 596	6 859	17 327	( 45 932)	( 35 464)
		803	68 945	108 505	( 247 287)	( 207 727)
			915	915	-	-
		60 059	131 819	110 544	( 15 935)	( 37 210)
		6	6	-	-	( 6)
			131 825	110 544	( 15 935)	( 37 210)
		10 563	36 600	62 653	( 135 099)	( 109 046)
		1 639	1 527	3 050	( 4 982)	( 3 459)
		5	5	-	-	-
		-	1	-	( 2 698)	( 2 699)
		-	-	-	3	3
			6	-	( 2 690)	( 2 696)
		3 822	25 991	48 364	( 182 309)	( 159 936)
		1 393	21 982	13 973	( 23 194)	( 31 203)
		-	69 343	110 019	( 159 734)	( 119 058)
		-	-	-	( 634)	( 634)
		2 107	30 936	10 561	20 425	50
		-	5 501	-	19 131	13 630
		-	9 861	-	( 577 840)	( 587 701)
			163 614	182 917	( 904 155)	( 884 852)
			21 225 062	18 202 841	( 6 345 160)	( 6 771 714)

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

### 30. Comparative figures

- Reclassification was made to some of the comparative figures of condensed separate interim financial statement of income.
- The following is the effect of reclassification on the condensed separate interim financial statements:

#### 30-1 Effect on Separate statement of income

	For the three months ended		For the three months ended	
	31/3/2022 <u>as previously reported</u> <u>(debit) / credit</u> <u>LE(000)</u>	Reclassification <u>(debit) / credit</u>	31/3/2022 <u>Reclassified</u> <u>(debit) / credit</u> <u>LE(000)</u>	
Reversal of expected credit loss Provision	-	21 698	21 698	
Net finance cost	( 153 218)	( 21 698)	( 174 916)	

### 31- SIGNIFICANT EVENTS

#### 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 March 31, 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 18.25%, 19.25% and 18.75%, respectively. The credit and discount rate were raised to 18.75%. Which has a material impact on the company's revenues and financing costs.



**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	Potential 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> <p>- 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:</p> <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> <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><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> <p>These amendments are effective for annual financial periods <b><u>on or after</u></b> starting <b><u>January 1, 2023, retrospectively,</u></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>

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
<b>Egyptian Accounting Standard No. (34) amended 2023</b> <b>"Investment " property</b>	<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>Management is currently studying the possibility of changing the applied accounting policy and using the fair value model option stated in the standard and assessing the potential impact on the financial statements in case of using this option.</p>	<p>The amendments of adding the option to use 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>
<b>Egyptian Accounting Standard No. (36) amended 2023</b> <b>"Exploration for and Evaluation of Mineral Resources"</b>	<p>1-This standard was reissued in 2023, allowing the use of revaluation model when subsequent measurement of exploration and valuation assets.</p> <p>2-The company applies either the cost model or the revaluation model for exploration and valuation assets, the evaluation should be 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 be consistent with the classification of assets in accordance with paragraph No. (15) of Egyptian Accounting Standard No. (36) amended 2023.</p>	<p>Management is currently studying the possibility of changing the applied accounting policy and using the revaluation model option stated in the standard and assessing the potential impact on the financial statements in case of using this option.</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</u></b> <b>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>



New or reissued standards	Summary of the most significant amendments	Potential 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>Management is currently assessing the potential impact on the financial statements from the application of amendments to the 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>	<ol style="list-style-type: none"> <li>1- 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>2- Egyptian Accounting Standard No. (50) replaces and cancels Egyptian Accounting Standard No. 37 "Insurance Contracts".</li> <li>3- Any reference to Egyptian Accounting Standard No. (37) in other Egyptian Accounting Standards to be replaced by Egyptian Accounting Standard No. (50).</li> <li>4- 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> </ol>	<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>



### **32- SUBSEQUENT EVENTS**

#### **32-1 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 usufruct 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 these treatments has affected the independent financial statements for the current year as follows:

#### **The application of those treatments has affected the Separate 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>31/3/2023</u></b>		<b><u>31/3/2023</u></b>
<b><u>1-Statement of financial position</u></b>			
Fixed assets	49 690 190	1 756 239	51 446 429
Project in progress	10 312 729	532 108	10 844 837

Other assets	18 091 278	773 693	18 864 971
Deffered tax liabilities / Assets	( 1 698 013 )	3 052 017	1 354 004
Retained earnings	( 12 177 955 )	2 979 074	( 9 198 881 )

## **2- Statement of income**

Finance cost	7 688 749	(6 906 006)	782 743
Depreciations and amortizations	1 648 882	377 827	2 026 709

## **3-Statement of other comprehensive income**

Translation differences of foreign currency balances	-	( 3 843 966 )	( 3 843 966 )
Deferred tax on translation differences of foreign currency balances	-	825 998	825 998
Income tax on translation differences of foreign currency balances	-	38 894	38 894

### **32-2 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 with the authorization of the CEO to sign the information memorandum and all the documents, pledges which are necessary to complete the offering process.

### **33- SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in the preparation of the condensed separate financial statements as of March 31, 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 March, 31 2023 .