

**Telecom Egypt Company**  
**(An Egyptian Joint Stock Company)**  
**Condensed Consolidated Interim Financial Statements**  
**For The Nine Months Ended September 30, 2024**  
**And Limited Review Report**

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**For The Nine Months Ended September 30, 2024**  
**And Limited Review Report**

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*Translation from Arabic*

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

#### ***Introduction***

We have performed a limited review on the accompanying September 30, 2024, condensed interim consolidated financial statements of Telecom Egypt Company “an Egyptian joint stock company” and its subsidiaries “the Group”, which comprises:

- The condensed interim consolidated statement of financial position as of September 30, 2024;
- The condensed interim consolidated statements of income for the three months and nine months periods ended September 30, 2024;
- The condensed interim consolidated statements of comprehensive income for the three months and nine months periods ended September 30, 2024;
- The condensed interim consolidated statements of changes in equity for nine months period ended September 30, 2024;
- The condensed interim consolidated statements of cash flows for nine months period ended September 30, 2024;
- The notes to the condensed interim consolidated financial statements.

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

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

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



**Hazem Hassan**

Translation from Arabic

***Basis of Qualified Conclusion***

“As explained in Note No. (14) of the condensed interim consolidated financial statements, the company holds an investment in Vodafone Egypt (Associate Company), which is accounted for using the equity method. The group’s share of the associate company’s equity was determined as of December 31, 2023, and September 30, 2024, based on financial information prepared by the management of the associate company. No reports were issued by the associate company’s external auditor on them. Furthermore, we were unable to verify the reasonableness of both the investment balance and the group’s share in the equity of Vodafone Egypt (Associate Company) by performing alternative procedures.”

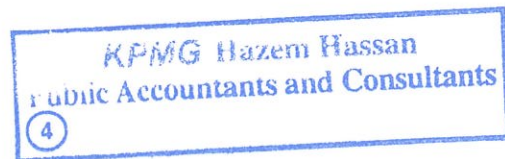
***Qualified Conclusion***

Based on our limited review, except for the possible effect on the condensed interim consolidated financial statements of the matter described in the basis of the qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying September 30, 2024, condensed interim consolidated financial statements do not present fairly, in all material respects, in accordance with Egyptian Accounting Standard number (30) “Interim Financial Reporting”.

*KPMG Hazem Hassan*

**KPMG Hazem Hassan  
Public Accountants & Consultants**

Cairo, November 14, 2024






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

	Note No.	30/9/2024 L.E. (000)	31/12/2023 L.E. (000)
<b>Assets</b>			
<b><u>Non Current Assets</u></b>			
Fixed assets and projects under construction	(11)	94 811 335	77 846 793
Intangible assets ( licenses and frequencies)		19 961 448	15 043 035
Usufruct assets	(12)	7 570 569	6 617 213
Right of use assets ( lease contracts)	(13-1)	1 333 359	872 300
Investments in equity accounted investees	(14)	16 412 013	14 884 865
Financial assets at FVOCI		83 442	83 442
Trade and notes receivables	(16)	1 523 824	857 855
Debtors and other debit balances	(17)	105 816	74 870
Deferred tax assets	(24-3)	3 336 282	-
<b>Total Non Current Assets</b>		<b>145 138 088</b>	<b>116 280 373</b>
<b><u>Current Assets</u></b>			
Inventories	(15)	7 404 280	5 080 871
Trade and notes receivables	(16)	16 691 229	10 217 719
Current income tax	(24-5)	368 624	890 660
Debtors and other debit balances	(17)	11 032 956	7 192 489
Cash and cash equivalents	(18)	10 055 251	10 977 982
<b>Total Current Assets</b>		<b>45 552 340</b>	<b>34 359 721</b>
<b>Total Assets</b>		<b>190 690 428</b>	<b>150 640 094</b>
<b><u>Equity</u></b>			
Capital	(22)	17 070 716	17 070 716
Reserves	(23)	6 186 877	5 864 699
Retained earnings		20 522 441	27 224 185
Foreign entities translation reserve		1 573 055	707 362
<b>Equity attributable to shareholders of the company</b>		<b>45 353 089</b>	<b>50 866 962</b>
<b>Non - controlling interest</b>		<b>19 970</b>	<b>17 970</b>
<b>Total Equity</b>		<b>45 373 059</b>	<b>50 884 932</b>
<b><u>Non Current Liabilities</u></b>			
Long term loans and credit facilities	(19)	34 022 753	19 725 744
Creditors and other credit balances	(20)	19 477 848	13 893 622
Lease obligations	(13-2)	1 110 664	809 090
Deferred tax liabilities	(24-3)	-	1 449 418
<b>Total Non Current Liabilities</b>		<b>54 611 265</b>	<b>35 877 874</b>
<b><u>Current Liabilities</u></b>			
Short term Loans and credit facilities	(19)	47 502 545	29 616 014
Creditors and other credit balances	(20)	40 275 258	31 497 698
Lease obligations	(13-2)	445 705	253 439
Credit balances to associates	(28-1)	1 339 430	1 083 772
Provisions	(21)	1 143 166	1 426 365
<b>Total Current Liabilities</b>		<b>90 706 104</b>	<b>63 877 288</b>
<b>Total Liabilities</b>		<b>145 317 369</b>	<b>99 755 162</b>
<b>Total Equity and Liabilities</b>		<b>190 690 428</b>	<b>150 640 094</b>

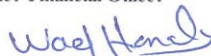
The accompanying notes on pages (6) to (30) are an integral part of these Condensed Consolidated Interim Financial Statements.

Director of Financial Affairs



"Ehab Abdo "

Chief Financial Officer



" Wael Hanafy "


Managing Director &  
Chief Executive Officer



"Mohamed Nasr"

Board of Directors approval

Chairman



"Maged Osman"

Limited Review Report "attached"

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

	Note	For the nine months ended:		For the three months ended:	
		30/9/2024	30/9/2023	30/9/2024	30/9/2023
			Reclassified		Reclassified
		<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>
Operating revenues	(3)	58 430 639	41 958 241	20 477 692	13 822 581
Operating costs	(4)	(35 947 709)	(24 516 564)	(12 887 010)	(8 232 164)
<b>Gross Profit</b>		<b>22 482 930</b>	<b>17 441 677</b>	<b>7 590 682</b>	<b>5 590 417</b>
Other incomes		503 191	377 865	200 830	167 500
Selling and distributing expenses	(5)	(4 108 091)	(3 306 750)	(1 341 357)	(1 116 790)
General and administrative expenses	(6)	(5 293 929)	(3 855 074)	(1 953 089)	(1 360 907)
Other expenses		(270 850)	(249 469)	(52 504)	(82 410)
Expected credit loss		(479 984)	(188 477)	(28 469)	(87 133)
<b>Operating profit</b>		<b>12 833 267</b>	<b>10 219 772</b>	<b>4 416 093</b>	<b>3 110 677</b>
Finance income		479 130	530 074	136 452	153 431
Finance cost		(9 842 416)	(3 688 938)	(4 286 731)	(1 411 062)
<b>Net finance cost</b>	(7)	<b>(9 363 286)</b>	<b>(3 158 864)</b>	<b>(4 150 279)</b>	<b>(1 257 631)</b>
Share of profit of equity accounted investees	(8)	5 338 901	3 429 620	2 354 157	1 465 390
<b>Net profit for the period before income tax</b>		<b>8 808 882</b>	<b>10 490 528</b>	<b>2 619 971</b>	<b>3 318 436</b>
Income tax	(24-1)	(1 162 306)	(1 336 783)	(488 680)	(864 100)
<b>Net profit for the period after income tax</b>		<b>8 646 576</b>	<b>9 153 745</b>	<b>2 131 291</b>	<b>2 454 336</b>
<b><u>Profit attributable to :</u></b>					
Shareholders of the holding company		8 637 097	9 148 138	2 125 680	2 452 605
Non-controlling interest		9 479	5 607	5 611	1 731
<b>Net profit for the period after income tax</b>		<b>8 646 576</b>	<b>9 153 745</b>	<b>2 131 291</b>	<b>2 454 336</b>
<b>Basic and diluted earning per share for the period (L.E. / Share)</b>	(10)	<b>5.06</b>	<b>5.36</b>	<b>1.25</b>	<b>1.44</b>

The accompanying notes on pages (6) to (30) are an integral part of these Condensed Consolidated Interim Financial Statements.

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

		<u>For the nine months ended :</u>		<u>For the three months ended :</u>	
	Note	30/9/2024	30/9/2023	30/9/2024	30/9/2023
	<u>No.</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		8 646 576	9 153 745	2 131 291	2 454 336
<b><u>Other Comprehensive Income items :</u></b>					
Translation differences of foreign entities		865 693	282 467	77 068	( 18 203)
Translation differences of foreign currency balances		(13 427 722)	(4 314 759)	25 959	369 776
Income tax on translation differences of foreign currency balances	(24-2)	3 021 237	970 821	( 5 841)	( 83 199)
		(10 406 485)	(3 343 938)	20 118	286 577
Transferred to retained earnings during the period	(30-2)	10 406 485	3 343 938	( 20 118)	( 286 577)
		-	-	-	-
<b>Total Comprehensive Income</b>		<b>9 512 269</b>	<b>9 436 212</b>	<b>2 208 359</b>	<b>2 436 133</b>
<b>Attributable to :</b>					
Shareholders of the company		9 502 790	9 430 605	2 202 748	2 434 402
Non-controlling interest		9 479	5 607	5 611	1 731
<b>Total Comprehensive Income</b>		<b>9 512 269</b>	<b>9 436 212</b>	<b>2 208 359</b>	<b>2 436 133</b>

The accompanying notes on pages (6) to (30) are an integral part of these Condensed Consolidated Interim Financial Statements.

*Translation from Arabic*

Telecom Egypt Company  
(An Egyptian Joint Stock Company)

Condensed Consolidated Interim Statement of Changes in Equity

For The Nine Months Ended September 30, 2024

Note	Capital	Legal reserve	Other reserves	Retained earnings	Foreign entities translation reserve	Total of equity attributable to shareholders of the company	Non-controlling interest	Total
NO	<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>	<u>L.E.(000)</u>
Balance as of January 1, 2023	17 070 716	2 702 825	2 787 550	23 289 323	402 277	46 252 691	15 159	46 267 850
<u>Comprehensive Income</u>								
Net profit for the period	-	-	-	9 148 138	-	9 148 138	5 607	9 153 745
Translation differences of foreign entities	-	-	-	-	282 467	282 467	-	282 467
<u>Total Comprehensive Income</u>	-	-	-	9 148 138	282 467	9 430 605	5 607	9 436 212
Impact of translation differences of foreign currencies balances	-	-	-	(3 343 938)	-	(3 343 938)	-	(3 343 938)
Transferred to legal reserve	-	367 670	-	(367 670)	-	-	-	-
<u>Transactions with shareholders</u>								
Announced dividends for employees in associates	-	-	-	(225 279)	-	(225 279)	-	(225 279)
Dividends for year 2022 (shareholders)	-	-	-	(2 133 840)	-	(2 133 840)	(3 792)	(2 137 632)
Dividends for year 2022 (Employees & Board of Directors)	-	-	-	(1 306 367)	-	(1 306 367)	(843)	(1 307 210)
<u>Total transactions with shareholders</u>	-	-	-	(3 665 486)	-	(3 665 486)	(4 635)	(3 670 121)
Balance as of September 30, 2023	17 070 716	3 070 495	2 787 550	25 060 367	684 744	48 673 872	16 131	48 690 003
Balance as of January 1, 2024	17 070 716	3 070 495	2 794 204	27 224 185	707 362	50 866 962	17 970	50 884 932
<u>Comprehensive Income</u>								
Net profit for the period	-	-	-	8 637 097	-	8 637 097	9 479	8 646 576
Translation differences of foreign entities	-	-	-	-	865 693	865 693	-	865 693
<u>Total Comprehensive Income</u>	-	-	-	8 637 097	865 693	9 502 790	9 479	9 512 269
Impact of translation differences of foreign currencies balances	(30-2)	-	-	(10 406 485)	-	(10 406 485)	-	(10 406 485)
Transferred to legal reserve	-	322 178	-	(322 178)	-	-	-	-
<u>Transactions with shareholders:</u>								
Announced dividends for employees in associates	-	-	-	(318 180)	-	(318 180)	-	(318 180)
Dividends for year 2023 (shareholders)	-	-	-	(2 560 607)	-	(2 560 607)	(5 646)	(2 566 253)
Dividends for year 2023 (Employees & Board of Directors)	-	-	-	(1 731 391)	-	(1 731 391)	(1 833)	(1 733 224)
<u>Total transactions with shareholders</u>	-	-	-	(4 610 178)	-	(4 610 178)	(7 479)	(4 617 657)
Balance as of September 30, 2024	17 070 716	3 392 673	2 794 204	20 522 441	1 573 055	45 353 089	19 970	45 373 059

The accompanying notes on page from (6) to (30) are an integral part of these Condensed Consolidated Interim Financial Statements.



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

		For the nine months ended:	
	Note	30/9/2024	30/9/2023
	No.	L.E. (000)	L.E. (000)
<b><u>Cash flows from operating activities:-</u></b>			
Cash receipts from customers and notes receivables		58 911 292	39 102 385
Stamp tax and fees collected (from third parties)		13 723	82 295
Deposits collected from customers		39 965	43 504
Cash paid to suppliers		(18 902 430)	(10 984 554)
Cash paid for NTRA		(3 600 484)	(1 734 908)
Cash paid to Board of Directors		( 47 850)	( 31 054)
Cash paid to employees		(7 932 472)	(7 007 777)
Cash paid on behalf of employees		(1 309 999)	(1 108 592)
Payments to Tax Authority - taxes other than income tax		(5 861 851)	(3 265 570)
Other proceeds/ (payments)		1 143 064	( 295 957)
<b>Cash provided by operating activities</b>		<b>22 452 958</b>	<b>14 799 772</b>
Interest paid		(7 022 182)	(2 937 148)
Payments to Tax Authority - income tax		( 411 764)	( 494 480)
<b>Net cash provided by operating activities</b>		<b>15 019 012</b>	<b>11 368 144</b>
<b><u>Cash flows from investing activities:-</u></b>			
Payments for purchase of fixed assets and projects under construction		(23 923 123)	(15 572 343)
Payments for purchase of intangible assets		(6 186 350)	(2 812 797)
Proceeds form sale of fixed assets and intangible assets		113	295
Credit interest		261 543	299 269
Dividends collected from investments		3 129 320	1 901 523
Proceeds from financial assets at amortized cost - treasury bills income		70 679	96 623
<b>Net cash used in investing activities</b>		<b>(26 647 818)</b>	<b>(16 087 430)</b>
<b><u>Cash flows from financing activities:-</u></b>			
Payments for loans		(3 659 158)	(3 322 444)
Proceeds from loans		11 314 435	-
Net proceeds from credit facilities		5 605 013	14 065 955
Payments of lease obligations		( 385 537)	( 297 807)
Payments for investment (associates)		( 3 750)	-
Dividends paid to Shareholders		(2 566 253)	(2 137 632)
<b>Net cash provided by financing activities</b>		<b>10 304 750</b>	<b>8 308 072</b>
<b>Net change in cash and cash equivalents during the period</b>		<b>(1 324 056)</b>	<b>3 588 786</b>
Translation differences of foreign entities		248 238	98 298
Cash and cash equivalents at the beginning of the period	(18)	10 442 683	6 751 791
<b>Cash and cash equivalents at the end of the period</b>	(18)	<b>9 366 865</b>	<b>10 438 875</b>

The accompanying notes on pages from (6) to (30) are an integral part of these Condensed Consolidated Interim Financial statements.

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

**Notes to the Condensed Consolidated Interim Financial Statements**  
**For The Nine Months Ended September 30, 2024**

**1. BACKGROUND**

***1-1 Legal Entity***

- Arab Republic of Egypt National Telecommunication Organization (ARENTO) was established according to Law No.153 of 1980. Effective from March 27, 1998 and according to law No.19 of 1998, the legal form of (ARENTO) was amended after the revaluation of its assets on March 26, 1998 to become "Telecom Egypt Company" (TE).
- Telecom Egypt Company (the "Company") is an Egyptian Joint Stock Company registered in the Arab Republic of Egypt and is engaged in the provision of public communications and associated products and services.
- The company is subject to the provisions of the Companies Law No. 159 of 1981 and Capital Market law No. 95 of 1992.
- The address of the company is 26 Ramses Street, Cairo, Egypt.
- 70% is owned by the Egyptian government, 30% of the company's nominal shares are traded on the Egyptian Stock Exchange, while GDRs are traded on the London Stock Exchange, each consisting of five ordinary shares.

***1-2 Purpose of the company***

The main purpose of the company represents in the following:

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

***1-3 Issuance of Condensed Consolidated Interim Financial Statements***

These Condensed Consolidated Interim Financial Statements were approved by the Board of Directors for issuance on November 13, 2024.



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

### 2-1 Statement of compliance

These Condensed consolidated Interim Financial Statements as of September 30, 2024 have been prepared according to Egyptian Accounting Standard No.30 requirements "Interim Financial Reporting" and in the light of applicable laws and regulations accordingly it was prepared as a Condensed consolidated Interim Financial Statements comparative view to the annual separate financial statements for the company for the financial year ended December 31, 2023.

These Condensed consolidated Interim Financial Statements don't include all the required information needed for preparing the full annual financial statements and must be read with the 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 foreign rates contained in Appendix (E) of the Egyptian Accounting Standard No. (13) Amended in 2024 "Effects of Changes in Foreign Currency Exchange Rates", according to what is detailed in Note No. (30-2).

### 2-2 Basis of measurement

- These Condensed Consolidated Interim Financial Statements have been prepared according to the historical cost basis, except for:
  - (A) Financial instruments that are recorded at fair value through profit or loss.
  - (B) Financial instruments that are recorded at fair value through other comprehensive income.
  - (C) Financial instruments that are recorded at amortized cost.
- For presentational purposes, the current and non-current classification has been used for the condensed consolidated 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 Consolidated Interim Financial Statements are presented in Egyptian pound (L.E.), all financial information presented in "L.E." has been rounded to the nearest thousand unless otherwise stated.

### 2-4 Use of estimates and judgments

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

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

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

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

### 2-5 Fair value measurement

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

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

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

**2-6 Segment reporting**

Operating activities related to the group is managed by operating segments at the group activates level as an 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



## 2-7 SIGNIFICANT ACCOUNTING POLICIES

Except for a new accounting standards or amendments on the current accounting standards, the accounting policies applied in the preparation of the condensed consolidated interim financial statements as of September 30, 2024 is the same as the accounting policies applied in the preparation of the annual consolidated financial statements as of December 31, 2023, and approved in March 3, 2024

## 2-8 New Editions and Amendments to Egyptian Accounting Standards:

(A). On March 3, 2024, the prime ministers Decree No.(636) of 2024 was issued amending some other 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
Egyptian Accounting Standard No. (50) "Insurance Contracts".	<p>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 financial statements with the basis for assessing the impact of insurance contracts on the Company's financial position, financial performance, and cash flows.</p> <p>2-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).</p> <p>3-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:</p> <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>	The change doesn't have an impact on the Consolidated financial statement of the Company.	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) applied for an earlier period, the Company should disclose that fact.
Egyptian Accounting	The Egyptian Accounting Standard No. (34) "Investment Property" was reissued in 2024, to	The Company doesn't have this type of asset.	The amendments to the amendment of addition of the

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
Standard No. (34) amended 2024 "Investment Property "	amend the fair value application mechanism by the mandate of recognizing the gain or loss arising from the change in the fair value of the investment property in the statement of profit or loss for the period in which the change arises or through the statement of other comprehensive income for one time in the life of the asset or investment, taking into account paragraphs (35a) and (35b) of the standard.	Accordingly, this change doesn't have an impact on the consolidated financial statement of the Company.	option to use the fair value model apply to financial periods commencing on or after <b>January 1, 2024</b> with early adaption allowed retrospectively by recognizing the cumulative impact of the application of the fair value model initially by adding it to the opening balance of retained earnings/losses as at the beginning of the financial period in which the Company applies this model for the first time.
Egyptian Accounting Standard No. (17) amended 2024 "Separate Financial Statements"	Egyptian Accounting Standard No. (17) "Separate Financial Statements" was reissued in 2024, adding the option to use the equity method as described in Egyptian Accounting Standard No. (18) "Investments in Sister Companies" when accounting for investments in associates, sister companies and jointly controlled companies.	The change doesn't have an impact on the Consolidated financial statement of the Company.	The amendments shall apply to financial periods commencing on or after <b>January 1, 2024</b> with early adaption allowed retrospectively by recognizing the cumulative impact of the application of the equity method by adding it to the opening balance of retained earnings/losses as at the beginning of the financial period in which the Company applies this method for the first time.
Egyptian Accounting Standard No. (13) amended 2024 "Effects of changes in foreign exchange rates"	This standard was reissued in 2024, to add how to determine the spot exchange rate when exchange between two currencies is difficult and what are the conditions that must be met for determining the spot exchange rate at the measurement date.  An appendix to the application guidelines has been added, which includes guidelines for assessing whether a currency is exchangeable for another currency, and guidelines for applying the	The change doesn't have an impact on the Consolidated financial statement of the Company.	Amendments regarding the determination of spot exchange rate when it is difficult to exchange between two currencies is applicable to financial periods commencing on or after <b>January 1, 2024</b> with early adaption allowed. If the entity made an early application, this has to be disclosed. Entity shall not be



New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
	required treatments in case of non-exchangeability.		<p>modifying comparative information and instead should:</p> <ul style="list-style-type: none"> <li>When the entity reports foreign currency transactions to its functional currency, any effect of the initial application is recognized as an adjustment to the opening balance retained earnings/losses on the date of initial application.</li> <li>When an entity uses presentation currency different than its functional currency or translates the results and balances of foreign operation, the resulting differences and financial position of a foreign transaction, any effect of the initial application is recognized as an adjustment to the cumulative translation adjustment reserve - accumulated in equity section on the date of initial application.</li> </ul>
Accounting Interpretation No. (2) "Carbon Reduction Certificates"	<p>Carbon Credits Certificates: Are financial instruments subject to trading that represent units for reducing greenhouse gas emissions. Each unit represents one ton of equivalent carbon dioxide emissions, and are issued in favor of the reduction project developer (owner/non-owner), after approval and verification in accordance with internationally recognized standards and methodologies for reducing carbon emissions, carried out by verification and certification bodies, whether local or international, registered in the list prepared by the Financial Regulatory Authority "FRA" for this purpose. Companies can use Carbon Credits Certificates to meet voluntary emissions reduction targets to achieve carbon trading or other targets, which are traded on the Voluntary Carbon Market "VCM". The interpretation deals with the accounting</p>	The management is currently studying the financial implications of applying the accounting interpretation to the Company's financial statements.	The application starts on or after the first of January 2025, early adaption is allowed.

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
	treatment of different cases in terms of initial measurement, subsequent measurement, exclusion from the books, and necessary disclosures.		

**(B). Evaluate the difficulty of exchanging foreign currencies**

- The company applied the amendment to Paragraph No. 57 A of Egyptian Accounting Standard No. (13) amended 2024, "The effects of changes in foreign exchange rates against the Egyptian pound." The following is a summary of the results of this evaluation.

- The company evaluated that there is no difficulty in exchanging assets evaluated in foreign currencies as of January 1, 2024, which is the date of the application of the amended Egyptian Accounting Standard No. (13), and this evaluation was conducted on the basis that assets evaluated in foreign currencies can be exchanged at the bank at any time without difficulty.

- The company also evaluated that there is no difficulty in exchanging liabilities evaluated in foreign currencies, to the extent that assets evaluated in foreign currencies can be used to settle these obligations, and that there are no liabilities evaluated in foreign currencies that will be settled from outside the banking system, and there is no estimate that there will be difficulty exchanging these balances in the near future.

**(C)** Prime Minister Decision No. (3527) of 2024 was issued amending some provisions of Egyptian accounting standards by issuing a new standard No. (51) "Financial Statements in Hyperinflationary Economies." There is no date of application to date and therefore there is no impact on the company's financial statements.



### 3. OPERATING REVENUES

	For the nine months ended :		For the three months ended :	
	30/9/2024	30/9/2023	30/9/2024	30/9/2023
	L.E. (000)	L.E. (000)	L.E. (000)	L.E. (000)
Home and personal communications	26 528 044	18 536 202	9 304 771	6 414 484
Enterprise	6 423 218	4 618 798	2 251 036	1 490 094
Domestic wholesale	6 346 756	5 871 621	1 971 340	1 597 504
International carrier	9 753 301	5 867 375	3 606 235	1 973 610
International cables and networks	9 379 320	7 064 245	3 344 310	2 346 889
	<b>58 430 639</b>	<b>41 958 241</b>	<b>20 477 692</b>	<b>13 822 581</b>

Total operating revenues increased by an amount of L.E. 16 472 398 K mainly due to the increase in revenues of home and personal communications by an amount of L.E. 7 991 842 K due to the increase in revenues resulting from fixed line and rendering mobile phone services and internet services, international carrier by an amount of L.E. 3 885 926 K, international cables and networks revenues by an amount of L.E. 2 315 075 K, and Enterprise revenues by an amount of L.E. 1 804 420 K and Domestic wholesale revenues by an amount of L.E. 475 135 K.

### 4. OPERATING COSTS

	For the nine months ended :		For the three months ended :	
	30/9/2024	30/9/2023	30/9/2024	30/9/2023
	L.E. (000)	Reclassified L.E. (000)	L.E. (000)	Reclassified L.E. (000)
Call cost	9 295 913	6 291 938	3 400 884	2 162 893
Depreciation and amortization*	10 160 083	7 133 463	3 649 604	2 454 793
Salaries and wages	4 123 155	3 282 852	1 386 696	1 149 536
Company's share in social insurance	354 383	301 316	113 440	100 798
Frequencies and licenses charges ( NTRA)	2 919 367	1 888 411	1 028 703	586 441
Other operating cost	9 094 808	5 618 584	3 307 683	1 777 703
	<b>35 947 709</b>	<b>24 516 564</b>	<b>12 887 010</b>	<b>8 232 164</b>

Operating costs have increased by an amount of L.E. 11 431 145 K mainly due to the following: -

- The increase of Call cost by an amount of L.E. 3 003 975 K which is mainly due to the increase in cost of international connection fees by an amount of L.E. 1 855 427 K and cost of international fees of transit service by an amount of L.E. 711 484 K
- The increase of the depreciation and amortization item by an amount of L.E. 3 026 620 K due to the additions of the last quarter of the previous year and the current period.
- The increase of Salaries and wages item by an amount of L.E. 840 303 K as a result of the annual increases during the period.
- The increase of frequencies and licenses charges (National Telecom Regulatory Authority) by an amount of L.E. 1 030 956 K.
- The increase in other operating cost item by an amount of L.E. 3 476 224 K which is mainly due to the increase in organizations services costs item by an amount of L.E. 1 081 231 K, Cost of goods sold item by an amount of L.E. 707 578 K and fuel item by an amount of L.E. 299 255 K and supplies and spare parts item by an amount of L.E. 249 992 K and leased circuits and subscription to satellites item by an amount of L.E. 230 650 K.

\* Reclassification was made on comparative figures as shown in Note No. (31).

## 5. SELLING AND DISTRIBUTING EXPENSES

	<u>For the nine months ended :</u>		<u>For the three months ended</u>	
	<u>30/9/2024</u>	<u>30/9/2023</u>	<u>30/9/2024</u>	<u>30/9/2023</u>
	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Salaries and wages	1 865 567	1 500 621	617 003	494 447
Company's share in social insurance	151 731	139 233	46 580	45 951
Advertising and marketing	1 194 719	939 666	363 380	338 945
Commissions of agents and collection organizations	691 254	496 955	248 472	167 765
Depreciation and amortization	61 255	51 464	22 624	16 641
Other selling and distributing expenses	143 565	178 811	43 298	53 041
	<u>4 108 091</u>	<u>3 306 750</u>	<u>1 341 357</u>	<u>1 116 790</u>

The increase in selling and distribution expenses by an amount of L.E 801 341 K mainly due to the increase in Salaries and wages item by an amount of L.E 364 946 K which is mainly due to the annual increases during the period and advertising and marketing by an amount of L.E 255 053 K and commissions of agents and collection organizations by an amount of L.E. 194 299 K.

## 6. GENERAL AND ADMINISTRATIVE EXPENSES

	<u>Note No</u>	<u>For the nine months ended :</u>		<u>For the three months ended</u>	
		<u>30/9/2024</u>	<u>30/9/2023</u>	<u>30/9/2024</u>	<u>30/9/2023</u>
		<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Salaries and wages		3 049 510	2 351 658	988 767	758 783
Company's share in social insurance		200 564	178 357	58 540	60 091
End of service compensation	(9-1)	315 415	-	315 415	-
The company's contribution in loyalty and belonging fund	(9-2)	195 000	150 000	65 000	50 000
Depreciation and amortization		182 770	122 963	64 029	42 403
Organization services cost and consultants		504 132	352 132	186 044	152 156
Tax and duties		357 803	254 353	111 511	139 411
Other general and administration expenses		488 735	445 611	163 783	158 063
		<u>5 293 929</u>	<u>3 855 074</u>	<u>1 953 089</u>	<u>1 360 907</u>

The increase in general and administrative expenses by an amount of L.E. 1 438 855 K is mainly due to the increase in Salaries and wages item by an amount of L.E 697 852 K mainly due to the annual increases during the period and organizations services costs and consultants item by an amount of L.E. 152 000 K and the increase in Taxes and duties item by an amount of L.E 103 450 K.

## 7. NET FINANCE COST

The increase in net finance cost by an amount of L.E 6 204 422 K during the period is mainly due to the increase in debit interest by an amount of L.E 4 576 707 K and the increase of net loss of foreign currencies during the period by an amount of L.E. 1 691 336 K.

\* Reclassification was made on comparative figures as shown in Note No. (31).



## 8. SHARE OF PROFIT OF EQUITY ACCOUNTED INVESTEEES

	<u>For the nine months ended :</u>		<u>For the three months ended :</u>	
	<u>30/9/2024</u>	<u>30/9/2023</u>	<u>30/9/2024</u>	<u>30/9/2023</u>
	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Vodafone Egypt telecommunications company	5 305 396	3 401 494	2 340 774	1 453 096
Egypt trust	33 505	28 126	13 383	12 294
	<u>5 338 901</u>	<u>3 429 620</u>	<u>2 354 157</u>	<u>1 465 390</u>

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

## 9. EMPLOYEES' BENEFITS

### 9.1 End of service compensation

The Company applies an end of service compensation scheme under which a compensation is paid to employees who desired and meet the requirements to end their service before the legal age of retirement, therefore the company's Board of Directors decided in its meeting which have been held on February 14, 2024 to approve the application of the end of service scheme for the employees of the company before the legal age of retirement. Also on April 29, 2024, internal instructions were issued under no. (16) to determine the mechanism of applying the end of service compensation scheme by specifying the conditions of enrollment in the scheme and the benefits offered to the employees of the company according to the following:

#### First: The important conditions of end of service compensation

- The actual service duration in the company not less than Twenty years.
- The employee's signature on the end of service agreement concluded between him and the company.
- Approval of the company's manpower planning committee of the company according to the requirement of work and the company has the right to reject any application.
- The subscription application submitted by the employee is final and not repealed at the expiration of seven days from the date of its submission and if the application is withdrawn, it is not allowed to apply again

#### Second: The most important benefits of end of service compensation

- Payment of compensation for the remaining period, which represents the total of the remaining salaries including periodic increment (%10) up to the age 60 years calculated at present value by a specified discount rate.
- Payment of compensation instead of the loyalty and belonging grant of 100 months on the basic of the calculation approved by the General Assembly of the Loyalty and Belonging Fund (salary on 1/1/2021 with an increase of 5% per annum compounded after the approval of the General Assembly of the Loyalty and Belonging Fund).
- Payment of compensation for unused leaves in accordance with the regulations in force.
- Payment of an amount of 5000 per month for three years or until the age of sixty whichever is the earliest and distributed to heirs in case of death.
- Enjoying medical insurance system for employees and their families for three years or until the age of sixty whichever is the earliest.
- Enjoying the benefit of telecommunication services for employees for three years or until the age of sixty whichever is the earliest.

The company's manpower planning committee has considered the applications for end of service compensation submitted by employees to enroll in the system to determine the extent to which those applications meet the conditions and whether the company needs the applicant employee or not, the said committee has completed the study of all the applications submitted by the employees of the company, and based on its recommendations and after obtaining all the necessary approvals, an administrative orders have been issued for the end of the service of employees whose meet the requirements of the above scheme. Currently, the said committee has prepared the study of all the applications submitted to it by the employees of the company, issuing its recommendations and preparing the final reports of the results of its works in order to determine all the liabilities that the company will bear as a result of the application of the end of service compensation scheme, the company's liabilities as a result of implementation of this scheme amounted to L.E. 315 415 K for the period ended in 30, September 2024 (Note no. 6).

**9-2 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 March 31, 2024, approved the amendment of the subscription fee for disbursing benefits and collecting contributions to be the basic wage on 1/1/2021, provided that this amendment takes effect from 1/1/2024 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 195 M for the period ended in September 30, 2024 (against an amount of L.E. 150 M for the same period of 2023).

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

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

	<u>For the nine months ended:</u>		<u>For the three months ended:</u>	
	<u>30/9/2024</u>	<u>30/9/2023</u>	<u>30/9/2024</u>	<u>30/9/2023</u>
<u>The holding company owners' equity :</u>				
Net profit for the period (LE in thousand)	8 637 097	9 148 138	2 125 680	2 452 605
Weighted average for number of shares available during the period (share)	1 707 071 600	1 707 071 600	1 707 071 600	1 707 071 600
Basic and diluted earning per share for the period ( L.E / Share)	<u>5.06</u>	<u>5.36</u>	<u>1.25</u>	<u>1.44</u>



## 11. FIXED ASSETS AND PROJECTS UNDER CONSTRUCTION

Description	30/9/2024 Cost L.E.(000)	30/9/2023 Cost L.E.(000)	30/9/2024 Accumulated depreciation L.E.(000)	30/9/2023 Accumulated depreciation L.E.(000)	30/9/2024 Net L.E.(000)	30/9/2023 Net L.E.(000)	31/12/2023 Net L.E.(000)
Land	2 410 043	2 395 085	-	-	2 410 043	2 395 085	2 395 085
Buildings & Infrastructure	61 932 094	49 561 870	25 685 287	22 525 718	36 246 807	27 036 152	29 892 400
Centrals & information technologies equipment	61 983 735	45 853 861	29 786 160	21 486 071	32 197 575	24 367 790	27 921 868
Vehicles	352 405	307 337	177 201	148 636	175 204	158 701	168 482
Furniture	1 501 251	1 331 323	1 058 364	811 403	442 887	519 920	373 081
Tools & supplies	282 722	271 578	207 564	190 681	75 158	80 897	79 517
Decoration & fixtures	268 150	206 630	210 569	182 661	57 581	23 969	39 393
Projects under construction	23 206 080	13 552 673	-	-	23 206 080	13 552 673	16 976 967
<b>Total</b>	<b>151 936 480</b>	<b>113 480 357</b>	<b>57 125 145</b>	<b>45 345 170</b>	<b>94 811 335</b>	<b>68 135 187</b>	<b>77 846 793</b>

- The increase in net carrying value of fixed assets and projects under construction mainly due to the additions during the period by an amount of L.E. 19 408 643 K, however the depreciation of the period by an amount of L.E. 8 601 955 K led to limitation of this increase
- The cost of fixed assets as of September 30, 2024, includes an amount of L.E. 16 048 million fully depreciated fixed assets and still in use. (Against an amount of L.E. 14 637 Million for the same period of 2023)
- The fixed assets and projects under construction include an amount of L.E 5 786 829 K, (against an amount of L.E. 2 716 071 K for the same period of 2023) which is represented in the currency differences resulting from the translation of liabilities in foreign currencies existing on the date of the exchange rate liberalization and related to the acquisition of these assets Note No. (30-2).

## 12. USUFRUCT ASSETS

	30/9/2024 L.E. (000)	31/12/2023 L.E. (000)
<b>Cost</b>		
Usufruct (projects)	2 334 327	2 051 260
Submarine cables (rights of way)	4 498 369	3 070 147
Right of way (local)	831 241	796 714
Land (possession-usufruct)	543 382	440 684
Projects under construction	1 592 192	2 014 493
	<b>9 799 511</b>	<b>8 373 298</b>
<b>Less:</b>		
Accumulated amortization	2 228 942	1 756 085
<b>Net carrying amount of usufruct assets</b>	<b>7 570 569</b>	<b>6 617 213</b>

- The increase in net carrying value of usufruct assets by an amount of L.E 953 356 K mainly due to the additions during the period by an amount of L.E 1 087 889 K, however the amortization of the period by an amount of L.E 322 071 K led to the limitation of this increase.
- Usufruct assets cost includes at September 30, 2024 an amount of L.E 281 Million (against an amount of L.E. 232 Million for the same period of 2023) usufruct assets fully amortized and still in use in operating.
- The usufruct assets include an amount of L.E 332 548 K, (against an amount of L.E 32 679 K for the same period of 2023) 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. (30-2).

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

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

	30/9/2024	31/12/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
<b>Beginning balance of cost</b>	1 991 207	1 757 190
Additions during the period / year	740 499	256 667
Translation difference of foreign currency balances	9 937	-
Disposals during the period / year	( 4 830)	( 93 867)
Translation differences of Foreign entities	139 477	71 217
<b>Ending balance of cost</b>	<b>2 876 290</b>	<b>1 991 207</b>
<b>Beginning balance of accumulated amortization</b>	1 118 907	805 613
Amortization expense for the period / year	301 167	322 020
Disposals during the period / year	-	( 48 228)
Foreign entities translation differences	122 857	39 502
<b>Ending balance of accumulated amortization</b>	<b>1 542 931</b>	<b>1 118 907</b>
<b>Net carrying amount as at the end of period / year</b>	<b>1 333 359</b>	<b>872 300</b>

#### Amortization expense is distributed as follows:

	30/9/2024	30/9/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Operating Costs	160 676	149 694
Selling and distributing expenses	49 529	43 964
General and administrative expenses	90 962	45 030
	<b>301 167</b>	<b>238 688</b>

#### 13-2. Lease Obligations

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

	30/9/2024	31/12/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Beginning balance of Present value for lease Obligations	1 062 529	1 112 374
Additions	740 499	256 667
Disposals	( 4 830)	-
Payments	( 385 537)	( 457 655)
Translation difference of foreign currency balances	( 874)	-
Translation differences of Foreign entities	29 626	29 048
Interest	114 956	122 095
<b>Net present value for lease obligations</b>	<b>1 556 369</b>	<b>1 062 529</b>

#### Classified as:

Current Lease obligations	445 705	253 439
<b>Non Current Lease obligations</b>	<b>1 110 664</b>	<b>809 090</b>

#### 14. INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES

	30/9/2024		31/12/2023	
	<u>Ownership</u>	<u>Amount</u>	<u>Ownership</u>	<u>Amount</u>
	<u>%</u>	<u>L.E. (000)</u>	<u>%</u>	<u>L.E. (000)</u>
- Vodafone Egypt Telecommunication company *	44.95	16 353 415	44.95	14 831 246
- Egypt Trust	35.71	53 598	35.71	52 369
- New matrix for technology	25.50	5 000	25.50	1 250
- Wataneya for Telecommunication **	50.00	-	50.00	-
		<u>16 412 013</u>		<u>14 884 865</u>

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

\* The investments in Vodafone Egypt on September 30, 2024, represents the ownership of 107 869 799 shares with a percentage of 44.95% from the total shares of Vodafone Egypt.

The financial year of Vodafone Egypt ends on March 31 of each year and the equity method was applied in recognizing the investment in Vodafone Egypt during preparing the Condensed Consolidated Interim Financial Statements as of September 30, 2024 by using the consolidated financial statements of Vodafone Egypt for the financial year ended in March 31, 2024 which presents the 12 months from the 1st of April 2023 till March 31, 2024, deduct the movements of the period from April 1, 2023 till December 31, 2023 from the consolidated interim financial data of Vodafone Egypt as of December 31, 2023, in addition to the period from April 1, 2024 till September 30, 2024 from the consolidated interim financial data of Vodafone Egypt as of September 30, 2024, to determine the share of financial period from January 1 to September 30, 2024 of business results of the associate company.

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

#### 15. INVENTORIES

	30/9/2024	31/12/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Spare parts	1 435 302	1 025 685
Material supplies, Merchandise for sale	5 935 989	4 030 556
Others	32 989	24 630
	<u>7 404 280</u>	<u>5 080 871</u>

The value of inventories was written down by L.E. 81 561 K (against LE 81 681 K as at December 31, 2023) for obsolete and slow-moving items directly from the cost of each type of inventory related to.



## 16. TRADE AND NOTES RECEIVABLES

	30/9/2024 L.E. (000)	31/12/2023 L.E. (000)
Trade Receivables - National	10 047 988	6 682 449
Trade Receivables - International	11 202 472	7 071 710
	<b>21 250 460</b>	<b>13 754 159</b>
<b>Add:</b>		
Notes receivable	384 144	260 918
<b>Less:</b>		
Expected credit loss provision	3 419 551	2 939 503
	<b>18 215 053</b>	<b>11 075 574</b>
<b>Non Current Trade Receivables and Notes receivable</b>	<b>1 523 824</b>	<b>857 855</b>
<b>Current Trade Receivables and Notes receivable</b>	<b>16 691 229</b>	<b>10 217 719</b>
	<b>18 215 053</b>	<b>11 075 574</b>

Trade and notes receivable balance have increased by an amount of L.E. 7 139 479 K is mainly due to the increase in trade receivables – International cables and networks by an amount of L.E 3 283 163 K, trade receivables domestic wholesale by an amount of L.E 1 426 719 K, trade receivables – Enterprise by an amount of L.E. 1 029 115 K, trade receivables - International carrier by an amount of L.E. 909 705 K, trade receivables – Home and personal communications by an amount of L.E. 847 599 K.

## 17. DEBTORS AND OTHER DEBIT BALANCES

	30/9/2024 L.E.(000)	31/12/2023 L.E.(000)
Suppliers – advanced payments	2 639 012	1 337 152
Deposits with other	346 847	324 409
Accrued revenues	387 641	187 465
Tax Authority - value added tax	1 210 341	1 414 405
Due from ministries, organizations and companies	2 940 029	1 393 255
Temporary debts due from employees	1 214 555	1 660 773
Prepaid expenses	232 278	74 870
Other debit balances	2 513 629	1 220 590
	<b>11 484 332</b>	<b>7 612 919</b>
<b>Less:</b>		
Expected Credit loss Provision	345 560	345 560
	<b>11 138 772</b>	<b>7 267 359</b>
<b>Balances due within more than one year:</b>		
Prepaid expenses	105 816	74 870
<b>Non current debtors and other debit balances</b>	<b>105 816</b>	<b>74 870</b>
<b>Current debtors and other debit balances</b>	<b>11 032 956</b>	<b>7 192 489</b>
<b>Total debtors and other debit balances</b>	<b>11 138 772</b>	<b>7 267 359</b>

Debtors and other debit balances have increased by an amount of L.E. 3 871 413 K mainly due to the increase in, Suppliers – advanced payments by an amount of L.E. 1 301 860 K, ministries, organization and companies item by an amount of L.E 1 546 774 K, however the decrease in Temporary debts from employees by an amount of L.E. 446 218 K and Tax Authority – value added tax item by an amount of L.E. 204 064 K, led to the limitation of this increase.

## 18. CASH AND CASH EQUIVALENTS

	Note	30/9/2024	31/12/2023	30/9/2023
	No.	L.E. (000)	L.E. (000)	L.E. (000)
Banks - time deposits (less than 3 months)		3 665 455	8 465 974	6 626 246
Banks - current accounts		6 225 621	2 364 485	3 727 309
Cash on hand		16 021	4 638	19 795
Money market funds (less than 3 months)		148 154	142 885	137 956
<b>Cash and cash equivalents</b>		<b>10 055 251</b>	<b>10 977 982</b>	<b>10 511 306</b>
<b>Less:</b>				
Restricted time deposits and current accounts at banks	(26)	688 386	535 299	72 431
<b>Cash and cash equivalents as per statement of cash flows</b>		<b>9 366 865</b>	<b>10 442 683</b>	<b>10 438 875</b>

## 19. LOANS AND CREDIT FACILITIES

The increase in the balance of loans and credit facilities by an amount of L.E 32 183 540 K mainly resulted from credit facilities with local and foreign currencies during the period amounted to L.E. 21 597 674 K, in addition to the currency differences resulting from translation of foreign loans and facilities amounted to L.E 10 585 866 K where loans and credit facilities with local and foreign currencies on September 30, 2024 amounted to L.E. 81 525 298 K (against LE 49 341 758 K at December 31, 2023) with an amount of L.E. 47 502 545 K due within a year.

## 20. CREDITORS AND OTHER CREDIT BALANCES

	30/9/2024	31/12/2023
	L.E. (000)	L.E. (000)
Suppliers and notes payables	9 830 611	8 198 306
Tax Authority (taxes other than income tax)	1 569 429	2 224 566
Deposits from others	970 015	816 853
Assets creditors	24 313 600	20 017 063
Accrued interests	990 753	422 217
Accrued expenses	1 733 545	1 473 837
Public Authority for Social Insurance	154 495	137 252
Trade receivables - credit balances	2 180 487	1 727 029
Credit balances organizations and companies	1 135 809	501 932
Contract liabilities	11 322 051	5 652 310
National Telecommunication Regulatory Authority (NTRA)	3 911 598	3 241 808
Other credit balances	1 640 713	978 147
	<b>59 753 106</b>	<b>45 391 320</b>
<b>balances due within more than one year:</b>		
Assets creditors	12 818 550	9 975 035
Contract liabilities	6 659 298	3 918 587
<b>Non current creditors and other credit balances</b>	<b>19 477 848</b>	<b>13 893 622</b>
<b>Current creditors and other credit balances</b>	<b>40 275 258</b>	<b>31 497 698</b>
<b>Total creditors and other credit balances</b>	<b>59 753 106</b>	<b>45 391 320</b>

Creditors and other credit balances have increased by an amount of L.E 14 361 786 K mainly due to the increase in Contract liabilities by an amount of L.E 5 669 741 K, Assets creditors by an amount of L.E. 4 296 537 K, Suppliers and notes payables by an amount of L.E. 1 632 305 K, credit balances organizations and companies by an amount of L.E. 633 877 K and national telecommunication regulatory authority (NTRA) by an amount of L.E. 669 790 K.

## 21. PROVISIONS

	30/9/2024 L.E.(000)	31/12/2023 L.E.(000)
Balance at the beginning of the period / year	1 426 365	1 246 803
Charged to statement of income for the period / year	142 141	339 235
Provision used during the period / year	( 426 777)	( 159 712)
Translation differences	1 437	39
<b>Balance at the end of the period / year</b>	<b>1 143 166</b>	<b>1 426 365</b>

## 22. CAPITAL

- The company's issued and fully paid-up capital is L.E. 17 070 716 K, represented in 1 707 071 600 shares at a par value of L.E 10 each.
- The Egyptian Government owns 70% after offering 20% of company's shares in public offering during December 2005 and 10% during the year 2023.

## 23. RESERVES

	30/9/2024 L.E.(000)	31/12/2023 L.E.(000)
Legal reserve*	3 392 673	3 070 495
Other reserves	2 794 204	2 794 204
	<b>6 186 877</b>	<b>5 864 699</b>

- \* The balance of legal reserve has increased as a result of retaining an amount of L.E. 322 180 K from the profit of 2023 in accordance with the company's articles of association.

## 24. INCOME TAX

### 24-1 Items recognized in statement of income

	For the nine months ended:	
	30/9/2024 L.E. (000)	30/9/2023 L.E. (000)
Current income tax	(2 485 793)	(1 310 171)
Deferred tax	2 323 487	( 26 612)
	<b>( 162 306)</b>	<b>(1 336 783)</b>

### 24-2 Items recognized in Statement of Comprehensive Income

	For the nine months ended :	
	30/9/2024 L.E. (000)	30/9/2023 L.E. (000)
Income tax expense	559 024	69 662
Deferred tax expense	2 462 213	901 159
	<b>3 021 237</b>	<b>970 821</b>



**24-3 Recognized deferred tax assets and liabilities.**

	30/9/2024		31/12/2023	
	Assets	(Liabilities)	Assets	(Liabilities)
	L.E.(000)	L.E.(000)	L.E.(000)	L.E.(000)
Total deferred tax asset /( liability)	7 413 332	(4 077 050)	2 981 740	(4 431 158)
Net deferred tax asset / (liability)	3 336 282	-	-	(1 449 418)
Deferred tax in the consolidated income statement for the period\ year	4 785 700	-	32 792	-
Impact of Deferred tax charged to statement of income	2 323 487	-	-	-
Impact of deferred tax charged to statement of comprehensive income	2 462 213	-	588 563	-

**24-4 Unrecognized deferred tax assets**

	30/9/2024	31/12/2023
	L.E.(000)	L.E.(000)
Unrecognized deferred tax assets	885 922	738 041

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

**24-5 Current income tax**

	30/9/2024	31/12/2023
	L.E. (000)	L.E. (000)
Tax Authority - income tax	(1 234 753)	( 704 430)
<b>Less:</b>		
Advanced payments	1 565 435	1 592 577
Tax Authority - withholding tax	37 942	2 513
	<b>368 624</b>	<b>890 660</b>

**25. CAPITAL COMMITMENTS**

The company's capital commitments for the unexecuted parts of contracts until September 30, 2024, amounted to L.E. 2 215 million (against L.E. 1 771 Million at the financial year ended December 31, 2023).

## 26. CONTINGENT LIABILITIES

In addition to the amounts included in the condensed consolidated interim statement of financial position, the company has the following contingent liabilities as at September 30, 2024:

	30/9/2024	31/12/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
- Letters of guarantee issued by banks on behalf of the company*	4 158 602	3 475 500
- Letters of credit	2 031 941	1 554 291

\*Letters of guarantee which were issued by banks on behalf of the company and for others on September 30, 2024 including letters of guarantee issued in exchange for a cash cover (restricted cash and equivalent) (Note No.18)

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

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

- Tax inspection was performed for the years till December 31, 2018 and all due taxes and fines were settled for those years.
- Tax inspection for the years from January 1, 2019 until December 31, 2023 have not been done to date.
- Tax return are submitted according to the income tax law No. 206 of 2020, its amendments and its executive regulations, also the due taxes are paid on legal dates.

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

- Tax inspection for the years till December 31, 2020 was performed and the tax differences were settled for those years except the additional tax for years from 2018 till 2020.
- 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 taxes, if any, are 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 the date, the company is regular in deducting and remitting taxes on legal dates according to the law No. 206 of 2020, its amendments and its executive regulations also, the tax settlement are 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 starting 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 remedies and appears against legal deadlines.
- Tax inspection for the period starting from January 1, 2001 till July 31, 2006 was performed for certain sectors of the company and tax due were settled. Tax inspection for the remaining sectors is currently being undertaken for the same period.
- Tax inspection for the period starting from August 1, 2006 to December 31, 2020 was performed and all the due taxes were settled.
- Development fee inspection for the year 2020 / 2021 has been performed, and there is no due tax differences.

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

- All due taxes are being paid according to the tax claim 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 also, the due taxes are settled on these due dates.





Translation from Arabic

28-1. Transactions between the group and its associates.

Transactions volume

Nature of transactions during the period	during the period		Movement during the period		Balance as of	
	of income		Debit	Credit	30/9/2024	31/12/2023
LE 000	LE 000		LE 000	LE 000	Debit (Credit)	Debit (Credit)
					LE 000	LE 000

- Vodafone Egypt Telecommunications Company

Outgoing calls and voice services to the associate company	3 992 789			
	15 131 761	15 387 419	(1 339 430)	(1 083 772)
Incoming and international calls, transmission & lease of company premises and towers to the associates company	4 056 245			
	15 131 761	15 387 419	(1 339 430)	(1 083 772)

## 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 26, 2024, The Company's ordinary general assembly decided to approve the disbursement of an amount of L.E 18 550 K to the members of the board of directors as the board's share in the profits for the financial year ended in December 31, 2023, in addition to attending board sessions allowances stipulated in the ordinary general assembly of the company.

## 29. GROUP ENTITIES

- Subsidiaries companies are controlled by group companies.
- The group companies control the invested entities when affected by or entitled to variable interest, through participating and influencing the interest due to authority on invested entity.
- The condensed consolidated interim financial statement includes the subsidiary companies that it hold, from the date of acquisition till end date.
- Company's direct and indirect share in subsidiaries companies on September 30, 2024 which were included in the condensed consolidated interim financial statements is as follows:

<u>Company name</u>	<u>Country of incorporation</u>	<u>Ownership interest</u>	
		<u>30/9/2024</u>	<u>31/12/2023</u>
Telecom Egypt France	France	100.00 %	100.00 %
WE Data	Egypt	100.00 %	100.00 %
T.E Data Jordan	Jordan	100.00 %	100.00 %
TE Investment Holding	Egypt	100.00 %	100.00 %
The Egyptian Telecommunication Company for Information Systems (Xceed)	Egypt	100.00 %	100.00 %
Xceed Customer Care Maroc	Morocco	100.00 %	100.00 %
Xceed Customer Care Mauritius	Mauritius	100.00 %	100.00 %
Xceed Customer Care FZCO	UAE	100.00 %	100.00 %
AL-MASRIAH for IT Systems Company	KSA	100.00 %	100.00 %
Centra Technologies**	Egypt	100.00 %	100.00 %
Centra for electronic Industries**	Egypt	100.00 %	100.00 %
Telecom Egypt Globe	Singapore	100.00 %	100.00 %
Egyptian international submarine cables company (Eiscc)*	Egypt	100.00 %	100.00 %
Middle East and North Africa Submarine Cable Company ( MENA CABLE )*	Egypt	100.00 %	100.00 %
Mena Company For Submarine Cable Company ( MENA CABLE ITALY )	Italy	100.00 %	100.00 %
TE for sport investment	Egypt	100.00 %	100.00 %
Middle East Radio Communication (MERC)	Egypt	51.00 %	51.00 %

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



\*\* According to the decisions of the extraordinary general assembly meetings of the companies referred to above, Centra for electronic industries, the merged company, will be merged into Centra Technologies Company, the merging company, and legal measures are being taken regarding the implementation of this merger.

### **30- SIGNIFICANT EVENTS**

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

On March 6, 2024, the Central Bank of Egypt decided to raise the overnight deposit and lending rates by 600 basis points to reach 27.25% and 28.25%, respectively. Also, the credit and discount rate were raised by also 600 points to reach 27.75 with allowing the use of a flexible exchange rate driven by market mechanisms, which led to an increase in the average official exchange rate of US dollars during the first week of the Central Bank's decision date, to reach between 49 to 50 EGP/USD.

#### **30-2 The issuance of Annex (E) the amendment accompanying the Egyptian Accounting Standard No. (13) "The Effects of Changes in Foreign Exchange Rates":**

- On May 23, 2024, prime minister's Decision No. 1711 of 2024 was issued to replace some of the provisions of the Egyptian accounting standards No. 13 "the effects of changes in foreign currency exchange rates" added to appendix (D) of the Egyptian accounting standard mentioned above. This is to establish special, optional accounting treatments through which the implications can be dealt with Extraordinary decisions of the Central Bank, especially amending the foreign exchange rate on the financial statements of the facility whose statements were affected. Finance negatively changes the exchange rate. This optional special accounting treatment issued in this appendix is not considered an amendment to the standards. The amended Egyptian Accounting currently in effect, hereafter the period for the effectiveness of this Appendix. The company's management has implemented the temporary option mentioned in Paragraph (3B) of this Appendix, and these treatments are as follows:

1. An establishment that, prior to the date of edit 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 March 6, 2024 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 March 6, 2024 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 6 of this Appendix. Considering that these differences were mainly caused by the unusual movements of the exchange rate.

3. When editing the cost of assets by applying paragraph "6" of this appendix the net adjusted cost shall not more than realizable value of asset which is measured in accordance with the amended Egyptian accounting standard No. 31 impairment of assets.

4. The amount of currency differences resulting from the translation of items of monetary nature which are presented in other comprehensive income items in accordance with paragraph No. 8 of this appendix in retained profits or losses at the end of same financial period to apply the accounting treatment contained in this appendix.

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

	Before applying the accounting treatment	The impact of applying the accounting treatment	After applying the accounting treatment
<b><u>Item</u></b>	Debit / (Credit)	Debit / (Credit)	Debit / (Credit)
	<b><u>L.E(000)</u></b>	<b><u>L.E(000)</u></b>	<b><u>L.E(000)</u></b>
	<b><u>30/9/2024</u></b>		<b><u>30/9/2024</u></b>
<b><u>1-Statement of financial position</u></b>			
Fixed assets and projects under construction	89 024 506	5 786 829	94 811 335
Intangible assets (licenses and frequencies)	18 429 542	1 531 906	19 961 448
Usufruct assets	7 238 021	332 548	7 570 569
Retained earnings	(30 928 926)	10 406 485	(20 522 441)
<b><u>2- Statement of income</u></b>			
Finance cost	30 921 421	(21 079 005)	9 842 416
Depreciations and amortizations	9 350 221	1 053 887	10 404 108
income tax	3 183 543	(3 021 237)	162 306
Basic and diluted (loss)/ earnings per share	4.03	(9.09)	(5.06)
<b><u>3-Statement of other comprehensive income</u></b>			
Translation differences of foreign currency balances	-	(13 427 722)	(13 427 722)
Income tax on translation differences of foreign currency balances	-	3 021 237	3 021 237





### 31. COMPARATIVE FIGUERS

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

#### Effect on the condensed consolidated interim statement of income:

	<u>For the nine months ended</u> <u>30/9/2023</u> <u>as previously</u> <u>reported</u> <u>Debit\ (Credit)</u> <u>LE(000)</u>	<u>Reclassification</u> <u>Debit\ (Credit)</u> <u>LE(000)</u>	<u>For the nine months ended</u> <u>30/9/2023</u> <u>Reclassified</u> <u>Debit\ (Credit)</u> <u>LE(000)</u>	<u>For the three months ended</u> <u>30/9/2023</u> <u>as previously</u> <u>reported</u> <u>Debit\ (Credit)</u> <u>LE(000)</u>	<u>Reclassification</u> <u>Debit\ (Credit)</u> <u>LE(000)</u>	<u>For the three months ended</u> <u>30/9/2023</u> <u>Reclassified</u> <u>Debit\ (Credit)</u> <u>LE(000)</u>
Operating cost	(24 125 731)	( 390 833)	(24 516 564)	(8 099 672)	( 132 492)	(8 232 164)
Finance cost	(4 079 771)	390 833	(3 688 938)	(1 543 554)	132 492	(1 411 062)

### 32- SUBSEQUENT EVENTS

On October 28, 2024, Telecom Egypt has signed an agreement to obtain a medium-term loan worth 18 billion Egyptian pounds from a banking alliance consisting of 13 banks led by the Commercial International Bank (CIB) and Banque Misr to finance the company's current short-term obligations and enhance financial liquidity.