

**Telecom Egypt Company**  
**(An Egyptian Joint Stock Company)**  
**Condensed Consolidated Interim Financial Statements**  
**For The Three Months Ended March 31, 2024**  
**And Limited Review Report**

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## Hazem Hassan

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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 March 31, 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 March 31, 2024;
- The condensed interim consolidated statements of income for the three months ended March 31, 2024;
- The condensed interim consolidated statements of comprehensive income for the three months ended March 31, 2024;
- The condensed interim consolidated statements of changes in equity for three months periods ended March 31, 2024;
- The condensed interim consolidated statements of cash flows for three months periods ended March 31, 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 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***

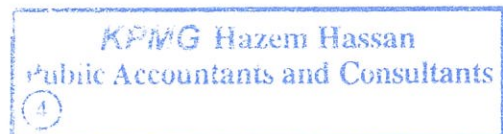
“As explained in Note No. (14) of the condensed interim consolidated financial statements, the company holds an investment in Vodafone Egypt (Associate Company), which is accounted for using the equity method. The group’s share of the associate company’s equity was determined as of December 31, 2023, and March 31, 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 March 31, 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**  
**Public Accountants & Consultants**

Cairo, May 30, 2024



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

	Note No.	31/3/2024 L.E. (000)	31/12/2023 L.E. (000)
<b>Assets</b>			
<b>Non Current Assets</b>			
Fixed assets and projects under construction	(11)	86 735 972	77 846 793
Intangible assets ( licenses and frequencies)		20 818 044	15 043 035
Usufruct assets	(12)	7 078 335	6 617 213
Right of use assets ( lease contracts)	(13-1)	942 114	872 300
Investments in equity accounted investees	(14)	15 787 209	14 884 865
Financial assets at FVOCI		83 442	83 442
Trade and notes receivables	(16)	1 092 264	857 855
Debtors and other debit balances	(17)	111 069	74 870
Deferred tax assets	(24-3)	3 636 632	-
<b>Total Non Current Assets</b>		<b>136 285 081</b>	<b>116 280 373</b>
<b>Current Assets</b>			
Inventories	(15)	5 503 011	5 080 871
Trade and notes receivables	(16)	15 248 780	10 217 719
Current income tax	(24-5)	214 471	890 660
Debtors and other debit balances	(17)	8 423 479	7 192 489
Debit balances from associates	(28-1)	675 860	-
Cash and cash equivalents	(18)	10 451 676	10 977 982
<b>Total Current Assets</b>		<b>40 517 277</b>	<b>34 359 721</b>
<b>Total Assets</b>		<b>176 802 358</b>	<b>150 640 094</b>
<b>Equity</b>			
Capital	(22)	17 070 716	17 070 716
Reserves	(23)	6 186 879	5 864 699
Retained earnings		16 065 005	27 224 185
Foreign entities translation reserve		1 443 619	707 362
<b>Equity attributable to shareholders of the company</b>		<b>40 766 219</b>	<b>50 866 962</b>
<b>Non - controlling interest</b>		<b>12 974</b>	<b>17 970</b>
<b>Total Equity</b>		<b>40 779 193</b>	<b>50 884 932</b>
<b>Non Current Liabilities</b>			
Long term loans and credit facilities	(19)	28 081 030	19 725 744
Creditors and other credit balances	(20)	11 942 045	10 354 780
Lease obligations	(13-2)	845 716	809 090
Deferred tax liabilities	(24-3)	-	1 449 418
<b>Total Non Current Liabilities</b>		<b>40 868 791</b>	<b>32 339 032</b>
<b>Current Liabilities</b>			
Short term Loans and credit facilities	(19)	44 435 456	29 616 014
Creditors and other credit balances	(20)	49 283 310	35 036 540
Lease obligations	(13-2)	302 285	253 439
Credit balances to associates	(28-1)	-	1 083 772
Provisions	(21)	1 133 323	1 426 365
<b>Total Current Liabilities</b>		<b>95 154 374</b>	<b>67 416 130</b>
<b>Total Liabilities</b>		<b>136 023 165</b>	<b>99 755 162</b>
<b>Total Equity and Liabilities</b>		<b>176 802 358</b>	<b>150 640 094</b>

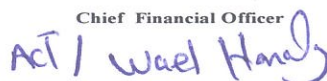
The accompanying notes on pages (6) to (28) are an integral part of these Condensed Consolidated Interim Financial Statements.

Director of Financial Affairs



"Ehab Abdo "

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 No.	<u>For the three months ended:</u>	
		31/3/2024	31/3/2023
		<u>L.E.(000)</u>	<u>Reclassified L.E.(000)</u>
Operating revenues	(3)	17 486 668	13 958 661
Operating costs	(4)	(10 525 518)	(7 910 630)
<b>Gross Profit</b>		<b>6 961 150</b>	<b>6 048 031</b>
Other incomes		58 437	80 261
Selling and distributing expenses	(5)	(1 236 430)	(1 004 238)
General and administrative expenses	(6)	(1 638 066)	(1 181 786)
Other expenses		( 161 750)	( 109 942)
Expected credit loss		( 367 649)	( 24 759)
<b>Operating profit</b>		<b>3 615 692</b>	<b>3 807 567</b>
Finance income		420 865	224 622
Finance cost		(2 087 211)	(1 127 344)
<b>Net finance cost</b>	(7)	<b>(1 666 346)</b>	<b>( 902 722)</b>
<b>Share of profit of equity accounted investees</b>	(8)	<b>898 594</b>	<b>894 077</b>
<b>Net profit for the period before income tax</b>		<b>2 847 940</b>	<b>3 798 922</b>
<b>Income tax</b>	(24-1)	<b>1 036 052</b>	<b>14 811</b>
<b>Net profit for the period after income tax</b>		<b>3 883 992</b>	<b>3 813 733</b>
<b><u>Profit attributable to :</u></b>			
Shareholders of the company		3 882 064	3 813 370
Non-controlling interest		1 928	363
<b>Net profit for the period after income tax</b>		<b>3 883 992</b>	<b>3 813 733</b>
<b>Basic and diluted earning per share for the period (L.E. / Share)</b>	(10)	<b>2.27</b>	<b>2.23</b>

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

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

	Note	<b><u>For the three months ended :</u></b>	
		<b>31/3/2024</b>	<b>31/3/2023</b>
	<b><u>No.</u></b>	<b><u>L.E.(000)</u></b>	<b><u>L.E.(000)</u></b>
<b>Net profit for the period</b>		<b>3 883 992</b>	<b>3 813 733</b>
<b><u>Other Comprehensive Income items :</u></b>			
Translation differences of foreign entities		736 257	298 422
Translation differences of foreign currency balances		(13 453 681)	(4 581 891)
Income tax on translation differences of foreign currency balances	(24-3)	3 027 078	1 030 926
		(10 426 603)	(3 550 965)
Transferred to retained earnings during the period	(33-2)	10 426 603	3 550 965
		-	-
<b>Total Comprehensive Income</b>		<b>4 620 249</b>	<b>4 112 155</b>
<b><u>Attributable to :</u></b>			
Shareholders of the company		4 618 321	4 111 792
Non-controlling interest		1 928	363
<b>Total Comprehensive Income</b>		<b>4 620 249</b>	<b>4 112 155</b>

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

**Telecom Egypt Company**  
(An Egyptian Joint Stock Company)  
**Condensed Consolidated Interim Statement of Changes in Equity**  
**For The Three Months Ended March 31, 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
	L.E.(000)	L.E.(000)	L.E.(000)	L.E.(000)	L.E.(000)	L.E.(000)	L.E.(000)	L.E.(000)
<b>Balance as of January 1, 2023</b>	17 070 716	2 702 825	2 787 550	23 289 323	402 277	46 252 691	15 159	46 267 850
<b>Comprehensive Income</b>								
Net profit for the period	-	-	-	3 813 370	-	3 813 370	363	3 813 733
Translation differences of foreign entities	-	-	-	-	298 422	298 422	-	298 422
<b>Total Comprehensive Income</b>	-	-	-	3 813 370	298 422	4 111 792	363	4 112 155
<b>Impact of translation differences of foreign currencies balances</b>	-	-	-	(3 550 965)	-	(3 550 965)	-	(3 550 965)
<b>Transferred to legal reserve</b>	-	367 646	-	(367 646)	-	-	-	-
<b>Transactions with shareholders</b>								
Announced dividends for employees in associates	-	-	-	-	-	-	-	-
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)
Investment in subsidiary disposals	-	-	-	(853)	-	(853)	-	(853)
<b>Total transactions with shareholders</b>	-	-	-	(3 441 060)	-	(3 441 060)	(4 635)	(3 445 695)
<b>Balance as of March 31, 2023</b>	17 070 716	3 070 471	2 787 550	19 743 022	700 699	43 372 458	10 887	43 383 345
<b>Balance as of January 1, 2024</b>	17 070 716	3 070 495	2 794 204	27 224 185	707 362	50 866 962	17 970	50 884 932
<b>Comprehensive Income</b>								
Net profit for the period	-	-	-	3 882 064	-	3 882 064	1 928	3 883 992
Translation differences of foreign entities	-	-	-	-	736 257	736 257	-	736 257
<b>Total Comprehensive Income</b>	-	-	-	3 882 064	736 257	4 618 321	1 928	4 620 249
<b>Impact of translation differences of foreign currencies balances</b>	-	-	-	(10 426 603)	-	(10 426 603)	-	(10 426 603)
<b>Transferred to legal reserve</b>	-	322 180	-	(322 180)	-	-	-	-
<b>Transactions with shareholders:</b>								
Announced dividends for employees in associates	-	-	-	-	-	-	-	-
Dividends for year 2023 (shareholders)	-	-	-	(2 560 607)	-	(2 560 607)	(5 646)	(2 566 253)
Dividends for year 2023 (Employees & Board of Directors)	-	-	-	(1 731 854)	-	(1 731 854)	(1 278)	(1 733 132)
<b>Total transactions with shareholders</b>	-	-	-	(4 292 461)	-	(4 292 461)	(6 924)	(4 299 385)
<b>Balance as of March 31, 2024</b>	17 070 716	3 392 675	2 794 204	16 065 005	1 443 619	40 766 219	12 974	40 779 193

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



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

		<u>For the three months ended:</u>	
	<u>Note</u>	<u>31/3/2024</u>	<u>31/3/2023</u>
	<u>No.</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>
<b><u>Cash flows from operating activities:-</u></b>			
Cash receipts from customers and notes receivables		19 491 995	14 620 475
Stamp tax and fees collected (from third parties)		2 928	45 057
Deposits collected from customers		13 886	21 900
Cash paid to suppliers		(3 463 240)	(3 007 548)
Payments for NTRA		(1 262 432)	( 845 814)
Cash paid to Board of Directors		( 45 555)	( 29 919)
Cash paid to employees		(2 758 380)	(2 376 404)
Cash paid on behalf of employees to third parties		( 434 191)	( 388 870)
Payments to Tax Authority - taxes other than income tax		(2 116 274)	( 938 115)
Other proceeds/ (payments)		1 210 488	( 422 561)
<b>Cash provided by operating activities</b>		<b>10 639 225</b>	<b>6 678 201</b>
Interest paid		(1 741 602)	( 834 362)
Payments to Tax Authority - income tax		( 279 219)	( 56 939)
<b>Net cash provided by operating activities</b>		<b>8 618 404</b>	<b>5 786 900</b>
<b><u>Cash flows from investing activities:-</u></b>			
Payments for purchase of fixed assets and projects under construction		(8 544 224)	(3 973 638)
Payments for purchase of intangible assets		(6 464 027)	(2 082 377)
Proceeds form sale of fixed assets and intangible assets		42	45
Interest received		112 368	80 718
Proceeds from financial assets at amortized cost - treasury bills income		54 540	78 540
<b>Net cash used in investing activities</b>		<b>(14 841 301)</b>	<b>(5 896 712)</b>
<b><u>Cash flows from financing activities:-</u></b>			
Payments for loans		( 909 581)	( 945 746)
Net proceeds from credit facilities		6 330 128	6 635 969
Payments of lease obligations		( 108 109)	( 82 918)
Payments for investment (associates)		( 3 750)	-
<b>Net cash provided by financing activities</b>		<b>5 308 688</b>	<b>5 607 305</b>
<b>Net change in cash and cash equivalents during the period</b>		<b>( 914 209)</b>	<b>5 497 493</b>
Translation differences of foreign entities		150 698	23 313
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>9 679 172</b>	<b>12 272 597</b>

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

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

**Notes to the Condensed Consolidated Interim Financial Statements**  
**For The Three Months Ended March 31, 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 May 29, 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 March 31, 2024 have been prepared in accordance with Egyptian Accounting Standard No.30 "Interim Financial Reporting" accordingly it is condensed comparative view to the annual consolidated financial statements for the company, and in the light of applicable Egyptian laws and regulations related to.
- These Condensed Consolidated Interim Financial Statements don't include all the required information needed for preparing the full annual financial statements and must be read with the consolidated annual financial statements as of December 31, 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 Explanation No. (33-2).

### 2-2 Basis of measurement

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

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

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

### 2-3 Functional and presentation currency

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

### 2-4 Use of estimates and judgments

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

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

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

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

### 2-5 Fair value measurement

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

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

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

**2-6 Segment reporting**

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



### 3. OPERATING REVENUES

	<b>For the three months ended :</b>	
	<b>31/3/2024</b>	<b>31/3/2023</b>
	<b>L.E. (000)</b>	<b>L.E. (000)</b>
Home and personal communications	8 244 222	5 917 172
Enterprise	1 995 964	1 691 192
Domestic wholesale	1 732 622	2 469 451
International carrier	2 636 050	1 858 938
International cables and networks	2 877 810	2 021 908
	<b>17 486 668</b>	<b>13 958 661</b>

Total operating revenues increased by an amount of L.E. 3 528 007 K mainly due to the increase in revenues of home and personal communications by an amount of L.E. 2 327 050 K due to the increase in revenues resulting from fixed line and rendering mobile phone services and internet services, international cables and networks revenues by an amount of L.E. 855 902 K., international carrier by an amount of L.E. 771 112 K, Enterprise revenues by an amount of L.E. 304 772 K, however the decrease in Domestic wholesale revenue by an amount of L.E. 736 829 K led to the limitation of this increase.

### 4. OPERATING COSTS

	<b>For the three months ended :</b>	
	<b>31/3/2024</b>	<b>31/3/2023</b>
	<b>L.E. (000)</b>	<b>Reclassified L.E. (000)</b>
Call cost	2 605 440	1 939 623
Depreciation and amortization*	3 166 190	2 232 666
Salaries and wages	1 287 605	1 002 643
Company's share in social insurance	119 180	99 346
Frequencies and licenses charges ( NTRA)	892 714	665 399
Other operating cost*	2 454 389	1 970 953
	<b>10 525 518</b>	<b>7 910 630</b>

Operating costs have increased by an amount of L.E. 2 614 888 K mainly due to the following: -

- The increase of Call cost by an amount of L.E. 665 817 K which is mainly due to the increase in cost of international connection fees by an amount of L.E. 270 704 K.
- The increase of the depreciation and amortization item by an amount of L.E. 933 524 K during the period due to the additions made after the first quarter of the previous year and the current period.
- The increase of frequencies and licenses charges (National Telecom Regulatory Authority) by an amount of L.E. 227 315 K.
- The increase in other operating cost item by an amount of L.E. 483 346 which is mainly due to the increase in organizations services costs item by an amount of L.E. 275 173 K, and leased circuits and subscription to satellites item by an amount of L.E. 90 630 K, and supplies and spare parts item by an amount of L.E. 62 199 K.

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

## 5. SELLING AND DISTRIBUTING EXPENSES

	<b>For the three months ended :</b>	
	<b>31/3/2024</b>	<b>31/3/2023</b>
	<b><u>L.E. (000)</u></b>	<b><u>L.E. (000)</u></b>
Salaries and wages	606 375	484 034
Company's share in social insurance	52 829	46 270
Advertising and marketing	297 736	221 231
Commissions of agents and collection organizations	212 834	180 879
Depreciation and amortization	18 602	17 240
Other selling and distributing expenses	48 054	54 584
	<b><u>1 236 430</u></b>	<b><u>1 004 238</u></b>

The increase in selling and distribution expenses by an amount of L.E 232 192 K mainly due to the increase in Advertising and marketing by an amount of L.E 76 505 K. and Salaries and wages item by an amount of L.E 122 341 K which is mainly due to the annual increases during the period.

## 6. GENERAL AND ADMINISTRATIVE EXPENSES

	<b>Note No</b>	<b>For the three months ended :</b>	
		<b>31/3/2024</b>	<b>31/3/2023</b>
		<b><u>L.E. (000)</u></b>	<b><u>L.E. (000)</u></b>
Salaries and wages		1 000 888	761 251
Company's share in social insurance		72 718	58 388
The company's contribution in loyalty and belonging fund	(9)	65 000	50 000
Depreciation and amortization		37 806	29 724
Organization services cost and consultants		163 692	91 422
Tax and duties		129 160	51 773
Other general and administration expenses		168 802	139 228
		<b><u>1 638 066</u></b>	<b><u>1 181 786</u></b>

The increase in general and administrative expenses by an amount of L.E. 456 280 K is mainly due to the increase in Salaries and wages item by an amount of L.E 239 637 K mainly due to the annual increases during the period and the increase in Taxes and duties item by an amount of L.E 77 387 K., and organizations services costs and consultants item by an amount of L.E. 72 270 K.

## 7. NET FINANCE COST

The increase in net finance cost by an amount of L.E 763 624 K during the period is mainly due to the increase in debit interest by an amount of L.E 1 085 623 K., however the increase of net gain of foreign currencies during the period led to the limitation of this increase.

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

## 8. SHARE OF PROFIT OF EQUITY ACCOUNTED INVESTEEES

	For the three months ended :	
	31/3/2024	31/3/2023
	L.E. (000)	L.E. (000)
Vodafone Egypt telecommunications company	886 330	886 780
Egypt trust	12 264	7 297
	<b>898 594</b>	<b>894 077</b>

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

## 9. EMPLOYEES' BENEFITS

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

- The employees are granted an end of service benefits through a Loyalty & belonging Fund established in January 2004. Employees' benefit is based on the employees' basic salary in January 1, 2017 increasing annually at a compound rate of 5%. The subscription for employees hired after January 1, 2017 is calculated according to a subscription schedule for new hires and increase annually at a compound rate of 5% starting from the next year of the hiring date with the same conditions of periodical raise of employees.
- Noting that the General Assembly of the Loyalty and belonging Fund, which was 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 65 M for the period ended in March 31, 2024 (against an amount of L.E. 50 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:

	For the three months ended:	
	31/3/2024	31/3/2023
<b><u>The holding company owners' equity :</u></b>		
Net profit for the period (LE in thousand)	3 882 064	3 813 370
Weighted average for number of shares available during the period (share)	1 707 071 600	1 707 071 600
<b>Basic and diluted earning per share for the period ( L.E / Share)</b>	<b>2.27</b>	<b>2.23</b>



## 11. FIXED ASSETS AND PROJECTS UNDER CONSTRUCTION

Description	31/3/2024 Cost L.E.(000)	31/3/2023 Cost L.E.(000)	31/3/2024 Accumulated depreciation L.E.(000)	31/3/2023 Accumulated depreciation L.E.(000)	31/3/2024 Net L.E.(000)	31/3/2023 Net L.E.(000) <i>Reclassified</i>	31/12/2023 Net L.E.(000)
Land	2 409 814	2 395 085	-	-	2 409 814	2 395 085	2 395 085
Buildings & Infrastructure	55 652 481	47 296 825	24 272 975	21 452 887	31 379 506	25 843 938	29 892 400
Centrals & information technologies equipment	57 435 512	43 138 882	25 461 689	20 308 871	31 973 823	22 830 011	27 921 868
Vehicles	325 579	304 780	161 643	135 425	163 936	169 355	168 482
Furniture	1 381 331	1 290 320	1 045 010	921 763	336 321	368 557	373 081
Tools & supplies	271 873	268 423	196 594	179 946	75 279	88 477	79 517
Decoration & fixtures	248 236	214 261	199 688	201 466	48 548	12 795	39 393
Projects under construction	20 348 745	9 321 250	-	-	20 348 745	9 321 250	16 976 967
<b>Total</b>	<b>138 073 571</b>	<b>104 229 826</b>	<b>51 337 599</b>	<b>43 200 358</b>	<b>86 735 972</b>	<b>61 029 468</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. 5 537 059 K, however the depreciation of the period by an amount of L.E. 2 635 189 K led to limitation of this increase.
- The cost of fixed assets and projects under construction as of March 31, 2024, includes an amount of L.E. 14 341 million fully depreciated fixed assets and still in use. (against an amount of L.E. 13 304 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. 1 756 239 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. (33-2).

## 12. USUFRUCT ASSETS

	31/3/2024 L.E. (000)	31/12/2023 L.E. (000)
<b>Cost</b>		
Usufruct (projects)	2 147 211	2 051 260
Submarine cables (rights of way)	4 131 068	3 070 147
Right of way (local)	829 151	796 714
Land (possession-usufruct)	440 684	440 684
Projects under construction	1 417 943	2 014 493
	<b>8 966 057</b>	<b>8 373 298</b>
<b>Less:</b>		
Accumulated amortization	1 887 722	1 756 085
<b>Net carrying amount of usufruct assets</b>	<b>7 078 335</b>	<b>6 617 213</b>

- The increase in net carrying value of usufruct assets by an amount of L.E 461 122 K mainly due to the additions during the period by an amount of L.E 228 256 K, however the amortization of the period by an amount of L.E 105 131 K led to the limitation if this increase.
- Usufruct assets cost includes at March 31, 2024 an amount of L.E 222 Million (against an amount of L.E. 213 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 773 693 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. (33-2).



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

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

	31/3/2024	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	139 022	256 667
Disposals during the period / year	-	( 93 867)
Foreign entities translation differences	120 960	71 217
<b>Ending balance of cost</b>	<b>2 251 189</b>	<b>1 991 207</b>
 <b>Beginning balance of accumulated amortization</b>	 1 118 907	 805 613
Amortization expense for the period / year	86 613	322 020
Disposals during the period / year	-	( 48 228)
Foreign entities translation differences	103 555	39 502
<b>Ending balance of accumulated amortization</b>	<b>1 309 075</b>	<b>1 118 907</b>
<b>Net carrying amount as at the end of period / year</b>	<b>942 114</b>	<b>872 300</b>

#### Amortization expense is distributed as follows:

	31/3/2024	31/3/2023
	<u>L.E (000)</u>	<u>L.E (000)</u>
Operating Costs	50 302	46 678
Selling and distributing expenses	16 328	14 798
General and administrative expenses	19 983	15 354
	<b>86 613</b>	<b>76 830</b>

#### 13-2. Lease Obligations

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

	31/3/2024	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	139 022	256 667
Payments	( 108 109)	( 457 655)
Translation difference from foreign currency contracts	( 351)	-
Interest	34 145	122 095
Foreign entities translation differences	20 765	29 048
<b>Net present value for lease obligations resulting from right of use</b>	<b>1 148 001</b>	<b>1 062 529</b>
 <b>Less:</b>		
Current Lease obligations	302 285	253 439
<b>Non Current Lease obligations</b>	<b>845 716</b>	<b>809 090</b>

#### 14. INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES

	<u>31/3/2024</u>		<u>31/12/2023</u>	
	<u>Ownership</u>	<u>Amount</u>	<u>Ownership</u>	<u>Amount</u>
	<u>%</u>	<u>L.E. (000)</u>	<u>%</u>	<u>L.E. (000)</u>
- Vodafone Egypt Telecommunication company *	44.95	15 717 576	44.95	14 831 246
- Egypt Trust	35.71	64 633	35.71	52 369
- New matrix for technology	25.50	5 000	25.50	1 250
- Wataneya for Telecommunication **	50.00	-	50.00	-
		<u>15 787 209</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 March 31, 2023 represents the ownership of 107 869 799 shares with a percentage of 44.95% from the total shares of Vodafone Egypt.

The financial year of Vodafone Egypt ends on March 31 of each year and the equity method was applied in recognizing the investment in Vodafone Egypt during preparing the Condensed Consolidated Interim Financial Statements as of March 31, 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, to determine the share of financial period from January 1 to March 31, 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

	<u>31/3/2024</u>	<u>31/12/2023</u>
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Spare parts	1 116 074	1 025 685
Material supplies, Merchandise for sale	4 348 071	4 030 556
Others	38 866	24 630
	<u>5 503 011</u>	<u>5 080 871</u>

The value of inventories was written down by L.E. 81 535 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

	31/3/2024	31/12/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Trade Receivables - National	9 236 145	6 682 449
Trade Receivables - International	10 234 044	7 071 710
	<b>19 470 189</b>	<b>13 754 159</b>
<b>Add:</b>		
Notes receivable	178 070	260 918
<b>Less:</b>		
Expected credit loss provision	3 307 215	2 939 503
	<b>16 341 044</b>	<b>11 075 574</b>
Non Current Trade Receivables and Notes receivable	1 092 264	857 855
Current Trade Receivables and Notes receivable	15 248 780	10 217 719
	<b>16 341 044</b>	<b>11 075 574</b>

Trade and notes receivable balance have increased by an amount of L.E. 5 265 470 K is mainly due to the increase in trade receivables – International cables and networks by an amount of L.E. 2 436 361 K, trade receivables – Domestic wholesale by an amount of L.E. 1 366 722 K, trade receivables - International carrier by an amount of L.E. 725 973 K, trade receivables – Enterprise by an amount of L.E. 780 552 K, trade receivables – Home and personal communications by an amount of L.E. 406 422 K.

# 17. DEBTORS AND OTHER DEBIT BALANCES

	31/3/2024	31/12/2023
	<u>L.E.(000)</u>	<u>L.E.(000)</u>
Suppliers – advanced payments	2 114 318	1 337 152
Deposits with other	329 220	324 409
Accrued revenues	215 353	187 465
Tax Authority - value added tax	2 087 007	1 414 405
Due from ministries, organizations and companies	2 092 878	1 393 255
Temporary debts due from employees	399 865	1 660 773
Prepaid expenses	151 423	74 870
Other debit balances	1 490 044	1 220 590
	<b>8 880 108</b>	<b>7 612 919</b>
<b>Less:</b>		
Expected Credit loss Provision	345 560	345 560
	<b>8 534 548</b>	<b>7 267 359</b>
<b>Balances due within more than one year:</b>		
Prepaid expenses	111 069	74 870
<b>Non current debtors and other debit balances</b>	<b>111 069</b>	<b>74 870</b>
<b>Current debtors and other debit balances</b>	<b>8 423 479</b>	<b>7 192 489</b>
<b>Total debtors and other debit balances</b>	<b>8 534 548</b>	<b>7 267 359</b>

- Debtors and other debit balances have increased by an amount of L.E. 1 267 189 K mainly due to the increase in, Suppliers – debit balances by an amount of L.E. 777 166 K, ministries, organization and companies item by an amount of L.E. 699 623 K, Tax Authority – value added tax item by an amount of L.E. 672 602 K, however the decrease in Temporary debts from employees by an amount of L.E. 1 260 908 K led to the limitation of this increase.



## 18. CASH AND CASH EQUIVALENTS

	Note	31/3/2023	31/12/2023	31/3/2023
	No.	L.E. (000)	L.E. (000)	L.E. (000)
Banks - time deposits (less than 3 months)		2 639 754	8 465 974	4 406 198
Banks - current accounts		6 193 803	2 364 485	5 250 943
Cash on hand		14 423	4 638	11 557
Financial assets at amortized cost - Treasury bills (less than 3 months)		1 505 861	-	2 639 337
Money market funds (less than 3 months)		97 835	142 885	63 668
<b>Cash and cash equivalents</b>		<b>10 451 676</b>	<b>10 977 982</b>	<b>12 371 703</b>
<b>Less:</b>				
Restricted time deposits and current accounts at banks	(26)	772 504	535 299	99 106
<b>Cash and cash equivalents as per statement of cash flows</b>		<b>9 679 172</b>	<b>10 442 683</b>	<b>12 272 597</b>

## 19. LOANS AND CREDIT FACILITIES

The increase in the balance of loans and credit facilities by an amount of L.E 23 174 728 K mainly resulted from credit facilities with local and foreign currencies during the period amounted to L.E. 7 200 039 K, in addition to the currency differences resulting from translation of foreign loans and facilities amounted to L.E 15 974 689 K where loans and credit facilities with local and foreign currencies on March 31, 2024 amounted to L.E. 72 516 486 K (against LE 49 341 758 K at December 31, 2023) with an amount of L.E. 44 435 456 K due within a year.

## 20. CREDITORS AND OTHER CREDIT BALANCES

	31/3/2024	31/12/2023
	L.E. (000)	L.E. (000)
Suppliers and notes payables	10 029 811	8 198 306
Tax Authority (taxes other than income tax)	2 438 387	2 224 566
Deposits from others	861 361	816 853
Assets creditors	24 531 420	20 017 063
Dividends creditors	634 904	422 217
Accrued interests	2 564 339	3 732
Accrued expenses	2 141 201	1 473 837
Public Authority for Social Insurance	156 757	137 252
Trade receivables - credit balances	6 361 665	5 265 871
Credit balances organizations and companies	616 137	501 932
Contract liabilities	6 070 021	2 113 468
National Telecommunication Regulatory Authority (NTRA)	3 762 168	3 241 808
Other credit balances	1 063 184	974 415
	<b>61 231 355</b>	<b>45 391 320</b>
<b>balances due within more than one year:</b>		
Assets creditors	11 242 237	9 975 035
Contract liabilities	699 808	379 745
<b>Non current creditors and other credit balances</b>	<b>11 942 045</b>	<b>10 354 780</b>
<b>Current creditors and other credit balances</b>	<b>49 289 310</b>	<b>35 036 540</b>
<b>Total creditors and other credit balances</b>	<b>61 231 355</b>	<b>45 391 320</b>

- Creditors and other credit balances have increased by an amount of L.E 15 834 035 K mainly due to the increase in Contract liabilities by an amount of L.E 3 956 553 K, Assets creditors by an amount of L.E. 4 514 357 K, Dividends creditors by an amount of L.E. 2 560 607 K and Suppliers by an amount of L.E. 1 831 505 K.



## 21. PROVISIONS

	31/3/2024 L.E.(000)	31/12/2023 L.E.(000)
Balance at the beginning of the period / year	1 426 365	1 246 803
Provision no longer required	( 183)	-
Charged to statement of income for the period / year	49 734	339 235
Provision used during the period / year	( 343 189)	( 159 712)
Translation differences	596	39
<b>Balance at the end of the period / year</b>	<b>1 133 323</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

	31/3/2024 L.E.(000)	31/12/2023 L.E.(000)
Legal reserve*	3 392 675	3 070 495
Other reserves	2 794 204	2 794 204
	<b>6 186 879</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. DEFERRED TAX

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

	For the three months ended:	
	31/03/2024 L.E. (000)	31/3/2023 L.E. (000)
Current income tax	(1 022 920)	( 465 769)
Deferred tax	2 058 972	480 580
	<b>1 036 052</b>	<b>14 811</b>

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

	For the three months ended :	
	31/3/2024 L.E. (000)	31/3/2023 L.E. (000)
Income tax expense	-	73 786
Deferred tax expense	3 027 078	957 140
	<b>3 027 078</b>	<b>1 030 926</b>

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

	<u>31/3/2024</u>		<u>31/12/2023</u>	
	Assets	(Liabilities)	Assets	(Liabilities)
	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>
Total deferred tax asset / liability	7 617 065	(3 980 433)	2 981 740	(4 431 158)
Net deferred tax liability	3 636 632	-	-	(1 449 418)
Deferred tax in the consolidated income statement for the period\ year	5 086 050	-	32 792	-
Impact of Deferred tax charged to statement of income	2 058 972	-	-	-
Deferred tax charged to statement of comprehensive income	3 027 078	-	588 563	-

### 24-4 Unrecognized deferred tax assets

	<u>31/3/2024</u>	<u>31/12/2023</u>
	<u>L.E.(000)</u>	<u>L.E.(000)</u>
Unrecognized deferred tax assets	806 362	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

	<u>31/3/2024</u>	<u>31/12/2023</u>
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Tax Authority - income tax	(1 407 081)	( 704 430)
<b><u>Less:</u></b>		
Advanced payments	1 250 763	1 252 941
Return on deferred tax payments	71 100	339 636
Tax Authority - withholding tax	299 689	2 513
	<b><u>214 471</u></b>	<b><u>890 660</u></b>

### 25. CAPITAL COMMITMENTS

The company's capital commitments for the unexecuted parts of contracts until March 31, 2024, amounted to L.E. 2 716 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 March 31, 2024:

	31/3/2024	31/12/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
- Letters of guarantee issued by banks on behalf of the company*	4 215 149	3 475 500
- Letters of credit	2 467 270	1 554 291

\*Letters of guarantee which were issued by banks on behalf of the company and for others on March 31, 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.
- Tax inspection for the years from January 1, 2019 until December 31, 2027 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, and the due tax is paid on legal dates.

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

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

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

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

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

- Tax inspection for the period from March 27, 1998 to December 31, 2000 was performed for certain sectors of the company, and the company was notified of the tax assessment elements, and the company filed a grievance and challenged the legal deadlines.
- Tax inspection for the period from January 1, 2001 till July 31, 2006 was performed for certain sectors of the company and taxes due were settled. Tax inspection for the remaining sectors is currently being undertaken for the same period.
- Tax inspection for period from August 1, 2006 to December 31, 2020 was performed and due taxes were settled.

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

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



**28. RELATED PARTY TRANSACTIONS IS REPRESENTED IN**

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

The related transactions during the period and balances on the condensed consolidated interim financial statements date are stated as follows:-

	Transactions volume				Balance as of 31/12/2023 Debit (Credit) LE 000
	Nature of transactions during the period LE 000	Movement during the period		31/3/2024 Debit (Credit) LE 000	
		of income LE 000	Debit LE 000		
– Vodafone Egypt Telecommunications Company	Outgoing calls and voice services to the associate company	1 051 852	6 270 282	4 510 650	675 860  (1 083 772)
	Incoming and international calls, transmission & lease of company premises and towers to the associates company	1 199 778			
			6 270 282	4 510 650	675 860  (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 March 31, 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>31/3/2024</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 %	-
AL-MASRIAH for IT Systems Company	KSA	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 %

\* 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. COMPARATIVE FIGURES**

- Reclassification was made to some of the comparative figures 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:**

	<b><u>For the three months ended</u></b> <b><u>31/3/2023</u></b> <b><u>as previously</u></b> <b><u>reported</u></b> <b><u>Debit\ (Credit)</u></b> <b><u>LE(000)</u></b>	<b><u>Reclassification</u></b>  <b><u>Debit\ (Credit)</u></b> <b><u>LE(000)</u></b>	<b><u>For the three months ended</u></b> <b><u>31/3/2023</u></b> <b><u>Reclassified</u></b> <b><u>Debit\ (Credit)</u></b> <b><u>LE(000)</u></b>
Operating cost	(7 784 781)	( 125 849)	(7 910 630)
Finance cost	(1 253 193)	125 849	(1 127 344)

**31- SIGNIFICANT EVENTS****31-1 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.



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

- On March 6, 2023, the Prime Minister's Decree No. (883) of 2023 was issued amending some provisions of the Egyptian Accounting Standards, and On March 3, 2024, the Prime Minister's Decree No. (636) of 2024 was issued amending some provisions of the Egyptian Accounting Standards the following is a summary of the most significant amendments:

New or reissued standards	Summary of the most significant amendments	Impact on the financial statements	Effective date
<b>Egyptian Accounting Standard No. (10) amended 2023 "Fixed Assets" and Egyptian Accounting Standard No. (23) amended 2023 "Intangible Assets".</b>	<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>on or after January 1, 2023, retrospectively</b>, cumulative impact of the preliminary applying of the revaluation model shall be <b>added to the revaluation surplus account in equity, at the beginning of the financial period in which the company applies this model for the first time.</b></p> <p>These amendments are effective for annual financial periods <b>on or after</b> starting <b>January 1, 2023, retrospectively</b>, cumulative impact of the preliminary applying of the accounting treatment for agricultural produce harvested shall be <b>added to the balance of retained earnings or losses at the beginning of the financial period in which the company applies this treatment for the first time.</b></p>

New or reissued standards	Summary of the most significant amendments	impact on the financial statements	Effective date
Egyptian Accounting Standard No. (34) amended 2023 "Investment property"	<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>	No impact on financial statement from applying the amendments on this standard.	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> retrospectively, 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>
Egyptian Accounting Standard No. (36) amended 2023 "Exploration for and Evaluation of Mineral Resources"	<ul style="list-style-type: none"> <li>-This standard was reissued in 2023, allowing the use of revaluation model when subsequent measurement of exploration and valuation assets.</li> <li>-The company applies either the cost model or the revaluation model for exploration and valuation assets, the evaluation should carried out by experts specialized in valuation and registered in a register maintained for this purpose at the Ministry of Petroleum, and in the case of applying the revaluation model (whether the model stated in the Egyptian Accounting Standard (10) "Fixed Assets " or the model stated in Egyptian Accounting Standard (23) "Intangible Assets") should consistent with the classification of assets in accordance with paragraph No. (15) of Egyptian Accounting Standard No. (36) amended 2023.</li> </ul>	No impact on financial statement from applying the amendments on this standard.	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>



Translation from Arabic

New or reissued standards	Summary of the most significant amendments	impact on the financial statements	Effective date
<b>Egyptian Accounting Standard No. (35) amended 2023 "Agriculture"</b>	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).	No impact on financial statement from applying the amendments on this standard.	These amendments are effective for annual financial periods starting <b><u>on or after 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>
<b>Egyptian Accounting Standard No. (50) "Insurance Contracts".</b>	<ul style="list-style-type: none"> <li>- This standard determines the principles of recognition of insurance contracts falling within the scope of this standard, and determines their measurement, presentation, and disclosure. The objective of the standard is to ensure that the company provides appropriate information that truthfully reflects those contracts. This information provides users of the financial statements with the basis for assessing the impact of insurance contracts on the company's financial position, financial performance, and cash flows.</li> <li>- Egyptian Accounting Standard No. (50) replaces and cancels Egyptian Accounting Standard No. 37 "Insurance Contracts".</li> <li>- Any reference to Egyptian Accounting Standard No. (37) in other Egyptian Accounting Standards to be replaced by Egyptian Accounting Standard No. (50).</li> <li>- The following Egyptian Accounting Standards have been amended to comply with the requirements of the application of Egyptian Accounting Standard No. (50) "Insurance Contracts", as follows: <ul style="list-style-type: none"> <li>- Egyptian Accounting Standard No. (10) "Fixed Assets".</li> <li>- Egyptian Accounting Standard No. (23) "Intangible Assets".</li> <li>- Egyptian Accounting Standard No. (34) " Investment property ".</li> </ul> </li> </ul>	Management is currently evaluating the potential impact on the financial statements from the application of the standard.	Egyptian Accounting Standard No. (50) is effective for annual financial periods starting <b><u>on or after July 1, 2024</u></b> , and if the Egyptian Accounting Standard No. (50) shall be applied for an earlier period, the company should disclose that fact.



**32- SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in the preparation of the condensed separate interim financial statements as of March 31, 2024 is the same as the accounting policies applied in the preparation of the annual separate financial statements as of December 31, 2023. these accounting policies have been applied consistently to all periods presented in these condensed separate interim financial statements as of March, 31 2024 .

**33- SUBSEQUENT EVENTS****33-1 Obtaining a medium-term loan.**

On May 22, 2024 Telecom Egypt has signed a USD 200 Million medium – term syndicated loan from Banque Misr, UAE which is the Mandated Lead Arranger and the Facility Agent.

**33-2 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>Item</b>	Debit / (Credit)	Debit / (Credit)	Debit / (Credit)
	<u>L.E(000)</u>	<u>L.E(000)</u>	<u>L.E(000)</u>
	<u>31/3/2024</u>		<u>31/3/2024</u>
<b><u>1-Statement of financial position</u></b>			
Fixed assets and projects under construction	80 949 143	5 786 829	86 735 972
Intangible assets (licenses and frequencies)	19 286 138	1 531 906	20 818 044
Usufruct assets	6 745 787	322 548	7 078 335
(Liabilities)/ Deffered tax assets	(943 926)	4 580 558	3 636 632
Retained earnings	( 26 491 608 )	10 426 603	( 16 065 005 )
<b><u>2- Statement of income</u></b>			
Finance cost	23 191 977	(21 104 964)	2 087 211
Depreciations and amortizations	2 859 434	363 164	3 222 598
income tax	(1 991 026)	3 027 078	1 036 052
Basic and diluted earnings per share	(7.14)	9.42	2.27
<b><u>3-Statement of other comprehensive income</u></b>			
Translation differences of foreign currency balances	-	(13 453 681)	(13 453 681)
Deferred tax on translation differences of foreign currency balances	-	3 027 078	3 027 078