



Telecom Egypt Company
(An Egyptian Joint Stock Company)
Condensed Separate Interim Financial Statements
For The Six Months Ended June 30, 2024
And Limited Review Report

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Translation from Arabic

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

Introduction

We have performed a limited review on the accompanying 30 June 2024, condensed interim separate financial statements of Telecom Egypt Company “an Egyptian joint stock company”, which comprises:

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

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

Scope of Limited Review

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 separate financial statements.



Hazem Hassan

Translation from Arabic

Basis of Qualified Conclusion

According to Note (5) of the condensed interim separate financial statements notes, the company has recognized accrued revenue for the use of the company's trademark by one of its subsidiaries, which was calculated as a percentage of the subsidiary's revenue. However, we have not yet received the framework agreement concluded between the two companies.

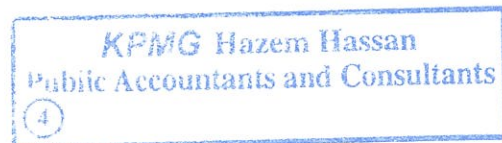
Qualified Conclusion

Based on our limited review, except for the possible effect on the condensed interim separate 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 30 June 2024, condensed interim separate financial statements do not present fairly, in all material respects, in accordance with Egyptian Accounting Standard number (30) "Interim Financial Reporting".

KPMG Hazem Hassan

**KPMG Hazem Hassan
Public Accountants & Consultants**

Cairo, August 14, 2024

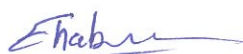


Telecom Egypt Company
(An Egyptian Joint Stock Company)
Condensed Separate Interim Statement of Financial Position as of:

	Note No.	30/6/2024 L.E. (000)	31/12/2023 L.E. (000)
Assets			
<u>Non Current Assets</u>			
Fixed assets and projects under construction	(12)	89 842 411	76 244 954
Intangible assets (licenses and frequencies)		20 327 981	14 964 829
Usufruct assets	(13)	7 254 571	6 474 753
Right of use assets (lease contracts)	(14-1)	756 005	752 388
Investments in subsidiaries and associates	(15)	6 645 875	6 645 875
Financial assets at FVOCI		83 442	83 442
Deferred tax assets	(25-3)	5 114 555	561 022
Total Non Current Assets		130 024 840	105 727 263
<u>Current Assets</u>			
Inventories	(16)	5 732 698	3 623 500
Trade and notes receivables	(17)	12 985 847	7 752 132
Current income tax	(25-5)	672 222	762 104
Debtors and other debit balances	(18)	11 374 911	5 081 497
Debit balances with subsidiaries	(29-1)	2 706 233	1 139 091
Cash and cash equivalents	(19)	6 000 305	10 272 954
Total Current Assets		39 472 216	28 631 278
Total Assets		169 497 056	134 358 541
<u>Equity</u>			
Capital	(23)	17 070 716	17 070 716
Reserves	(24)	6 052 339	5 733 122
Retained earnings		4 081 823	13 349 113
Total Equity		27 204 878	36 152 951
<u>Non Current Liabilities</u>			
Long term loans and credit facilities	(20)	33 991 082	19 725 744
Lease obligations	(14-2)	747 167	745 718
Creditors and other credit balances	(21)	15 928 525	13 567 712
Total Non Current Liabilities		50 666 774	34 039 174
<u>Current Liabilities</u>			
Short term loans and credit facilities	(20)	46 745 326	29 590 441
Lease obligations	(14-2)	217 568	175 020
Creditors and other credit balances	(21)	33 524 304	25 538 574
Credit balances to subsidiaries and associates	(29-1)	10 850 524	8 163 108
Provisions	(22)	287 682	699 273
Total Current Liabilities		91 625 404	64 166 416
Total Liabilities		142 292 178	98 205 590
Total Equity and Liabilities		169 497 056	134 358 541

The accompanying notes on pages (6) to (26) are an integral part of these Condensed Separate Interim Financial Statements.

Director of Financial Affairs



"Ehab Abdo "

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 Separate Interim Statement of Income

	Note	<u>For the six months ended :</u>		<u>For the three months ended</u>	
		<u>30/6/2024</u>	<u>30/6/2023</u>	<u>30/6/2024</u>	<u>30/6/2023</u>
	<u>No.</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>
Operating revenues	(3)	27 727 014	21 899 104	15 134 943	11 141 423
Operating costs	(4)	(18 799 203)	(13 227 521)	(10 092 969)	(6 790 060)
Gross Profit		8 927 811	8 671 583	5 041 974	4 351 363
Other income	(5)	1 580 356	809 560	1 096 989	482 716
Selling and distributing expenses	(6)	(2 295 738)	(1 766 331)	(1 233 379)	(948 927)
General and administrative expenses	(7)	(2 784 659)	(2 090 924)	(1 396 814)	(1 101 791)
Expected credit loss		(274 569)	(121 188)	-	(22 201)
Other expenses		(113 073)	(50 762)	(5 882)	(2 815)
Operating profit		5 040 128	5 451 938	3 502 888	2 758 345
Finance income		282 749	333 801	(248 031)	133 885
Finance cost		(5 345 736)	(2 117 808)	(3 266 954)	(1 135 149)
Net finance cost	(8)	(5 062 987)	(1 784 007)	(3 514 985)	(1 001 264)
Income from investments in subsidiaries and associates	(9)	3 166 460	2 430 397	25 000	2 107 410
Net profit for the period before income tax		3 143 601	6 098 328	12 903	3 864 491
Income tax	(25-1)	1 272 749	(373 645)	18 082	(601 255)
Net profit for the period after income tax		4 416 350	5 724 683	30 985	3 263 236
Basic and diluted earning per share for the period (L.E. / Share)	(11)	2.59	3.35	0.02	1.91

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

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

	Note <u>No.</u>	<u>For the six months ended :</u>		<u>For the three months ended :</u>	
		30/6/2024 <u>L.E.(000)</u>	30/6/2023 <u>L.E.(000)</u>	30/6/2024 <u>L.E.(000)</u>	30/6/2023 <u>L.E.(000)</u>
Net profit for the period after income tax		4 416 350	5 724 683	30 985	3 263 236
<u>Other Comprehensive Income Items:</u>					
Translation differences of foreign currency balances		(12 719 296)	(3 898 446)	-	(54 480)
Income tax on translation differences of foreign currency balances	(25-2)	2 861 842	877 150	-	12 258
		<u>(9 857 454)</u>	<u>(3 021 296)</u>	<u>-</u>	<u>(42 222)</u>
Transferred to retained earnings during the period	(30-2)	9 857 454	3 021 296	-	42 222
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Comprehensive Income		<u>4 416 350</u>	<u>5 724 683</u>	<u>30 985</u>	<u>3 263 236</u>

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

Telecom Egypt Company
(An Egyptian Joint Stock Company)
Condensed Separate Interim Statement of Changes In Equity
For the Six Months Ended June 30, 2024

	Note	Capital	Legal reserve	Other reserves	Retained earnings	Total
	No.	L.E. (000)	L.E. (000)	L.E. (000)	L.E. (000)	L.E. (000)
Balance as of January 1, 2023		17 070 716	2 571 623	2 787 550	13 024 149	35 454 038
Comprehensive income		-	-	-	5 724 683	5 724 683
Net profit for the period		-	-	-	5 724 683	5 724 683
Impact of Translation differences of foreign currency balances		-	-	-	(3 021 296)	(3 021 296)
Transferred to legal reserve		-	367 295	-	(367 295)	-
Transactions with shareholders		-	-	-	(2 133 840)	(2 133 840)
Dividends for year 2022 (Shareholders)		-	-	-	(805 506)	(805 506)
Dividends for year 2022 (Employees & Board of Directors)		-	-	-	(2 940 346)	(2 940 346)
Balance as of June 30, 2023		17 070 716	2 938 918	2 787 550	12 419 895	35 217 079
Balance as of January 1, 2024		17 070 716	2 938 918	2 794 204	13 349 113	36 152 951
Comprehensive income		-	-	-	4 416 350	4 416 350
Net profit for the period		-	-	-	4 416 350	4 416 350
Impact of translation differences of foreign currencies balances	(30-2)	-	-	-	(9 857 454)	(9 857 454)
Transferred to legal reserve		-	319 217	-	(319 217)	-
Transactions with shareholders		-	-	-	(2 560 607)	(2 560 607)
Dividends for year 2023 (Shareholders)		-	-	-	(946 362)	(946 362)
Dividends for year 2023 (Employees & Board of Directors)		-	-	-	(3 506 969)	(3 506 969)
Balance as of June 30, 2024		17 070 716	3 258 135	2 794 204	4 081 823	27 204 878

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

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

	Note No.	For the six months ended:	
		30/6/2024	30/6/2023
		<u>L.E.(000)</u>	<u>L.E.(000)</u>
<u>Cash flows from operating activities :</u>			
Cash receipts from customers and notes receivable		18 329 749	15 632 807
Cash receipts from related party		10 727 401	5 539 801
Stamp tax and fees collected (from third party)		8 094	71 478
Deposits collected from customers		26 299	31 097
Cash paid to suppliers		(4 449 381)	(3 365 925)
Cash paid for NTRA		(1 784 031)	(1 081 520)
Cash paid to Board of Directors		(18 550)	(15 250)
Cash paid to employees		(4 030 520)	(3 328 031)
Cash paid on behalf of employees to third party		(659 921)	(551 611)
Payments to Tax Authority - taxes other than income tax		(3 869 466)	(2 061 440)
Other proceeds/ (payments)		1 566 522	(369 225)
Cash provided by operating activities		<u>15 846 196</u>	<u>10 502 181</u>
Interest paid		(4 516 670)	(1 832 593)
Payments to Tax Authority - Income tax		-	(125 875)
Net cash provided by operating activities		<u>11 329 526</u>	<u>8 543 713</u>
<u>Cash flows from investing activities :</u>			
Payments for purchase of fixed assets and projects under construction		(19 927 966)	(9 722 228)
Payments for purchase of intangible assets		(6 475 490)	(2 780 130)
Credit interest		192 191	180 072
Dividends collected from investments		129 742	294 939
Proceeds from financial assets at amortized cost - treasury bills income		70 679	91 370
Net cash used in investing activities		<u>(26 010 844)</u>	<u>(11 935 977)</u>
<u>Cash flows from financing activities :</u>			
Payments of loans		(1 839 708)	(2 116 729)
Proceeds from loans		9 440 000	-
Net proceeds of credit facilities		5 329 617	10 455 801
Payments of lease obligations		(123 045)	(92 528)
Dividends paid to shareholders		(2 560 607)	(2 133 840)
Net cash provided by financing activities		<u>10 246 257</u>	<u>6 112 704</u>
Net change in cash and cash equivalents during the period		<u>(4 435 061)</u>	<u>2 720 440</u>
Cash and cash equivalents at the beginning of the period	(19)	9 766 600	6 115 484
Cash and cash equivalents at the end of the period	(19)	<u>5 331 539</u>	<u>8 835 924</u>

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

Telecom Egypt Company
(An Egyptian Joint Stock Company)

Notes to the Condensed Separate Interim Financial Statements
For The Six Months Ended June 30, 2024

1. BACKGROUND & ACTIVITIES

1-1 Legal Entity

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

1-2 Purpose of the company

The main purpose of the company represents in the following:

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

1-3 Issuance of the condensed separate interim financial statements

These Condensed Separate Interim Financial Statements were approved by the company's Board of Directors for issuance on August 13, 2024.

2. BASIS OF PREPERATION OF THE CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS

2-1 Statement of compliance

- These Condensed Separate Interim Financial Statements as of June 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 Separate Interim Financial Statements comparative view to the annual separate financial statements for the company for the financial year ended December 31, 2023.
- These Condensed Separate Interim Financial Statements don't include all the required information needed for preparing the full annual financial statements and must be read with the separate annual financial statements as of December 31, 2023.
- The company's management also applied the special accounting treatment to deal with the effects of the liberalization of exchange 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 Separate 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.
- Investment in subsidiaries and associates in Condensed Separate Interim Financial Statements were presented on a cost basis which represent the company's direct share in equity, and not on the basis of results and net assets of the investee company. The Condensed Consolidated Interim Financial Statements provide a more comprehensive understanding of the Condensed Consolidated Interim Financial Position and results and Condensed Consolidated Interim of cash flows for the company and its subsidiaries (the Group).
- For presentational purposes, the current and non-current classification has been used for the condensed separate statement of Financial Position, while expenses are analysed in condensed separate statement of income using a classification based on their function. The direct method has been used in preparing the condensed separate statement of cash flows.

2-3 Functional and presentation currency

These Condensed Separate Interim Financial Statements are presented in Egyptian pound (LE), which is the Company's functional currency. All financial information presented in "L.E." has been rounded to the nearest thousands unless otherwise stated.

2-4 Use of estimates and judgments

- The preparation of the condensed separate interim financial statements in conformity with Egyptian Accounting Standards that requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other various factors that are supposed to be reasonable under the circumstances, the results of these assumption represent the judgmental basis for the value of assets and liabilities that may not apparently available from other sources. The actual results may differ from these estimates.
- The estimates and underlying assumptions are reviewed on ongoing basis. Accounting recognition estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods. Information about the most significant accounts used the estimation and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the condensed separate interim financial statements is included in the following notes:
 - Measuring Expected credit losses.
 - Deferred tax assets and liabilities.
 - Impairment of non-financial assets.
 - Provisions and contingencies.
 - Operational useful life of fixed and other assets.
 - Estimate the net realizable value of the inventory.

2-5 Fair value measurement

- The fair value of financial instruments is determined based on the market value of the financial instrument or similar financial instruments at the date of the condensed separate interim financial statements without deducting any estimated future selling costs. The financial assets values are determined with the current purchase prices; however, the financial liabilities values are determined with the current prices that could settle these liabilities.
- In case there is no active market to determine the fair value of the financial instruments, the fair value is estimated using different valuation techniques taking into consideration the prices of the latest transactions and use the current fair value of the similar financial instruments as guideline – the discounted cash flows technique or any other valuation methods that results reliable values.
- When the discounted cash flows are used as a valuation technique, the future cash flows are estimated based on the management best estimate. The discount rate used is determined in line with the market rate at the date of the financial statements for the similar financial instruments in nature and conditions.

2-6 Segment reporting

Operating activities related to the company is managed by operating segments at the group activates level as integrated activity, based on the nature of product and the service provided. The segment reporting is prepared according to services provided by activities as a group as follows:

- Communications, marine cables and infrastructure services.
- Internet services.
- Outsourcing services.
- Other activities.

2-7 SIGNIFICANT ACCOUNTING POLICIES

With the exception of a new accounting standards or amendments on the current accounting standards, the accounting policies applied in the preparation of the condensed separate interim financial statements as of June 30, 2024 is the same as the accounting policies applied in the preparation of the annual separate 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
<p>Egyptian Accounting Standard No. (50) "Insurance Contracts".</p>	<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"> - Egyptian Accounting Standard No. (10) "Fixed Assets". - Egyptian Accounting Standard No. (23) "Intangible Assets". - Egyptian Accounting Standard No. (34) "Investment property". 	<p>The Company is currently assessing the impact of applying this new standard on its financial statements.</p>	<p>Egyptian Accounting Standard No. (50) is effective for annual financial periods starting on or after July 1, 2024, and if the Egyptian Accounting Standard No. (50) shall be applied for an earlier period, the Company should disclose that fact.</p>
<p>Egyptian Accounting</p>	<p>The Egyptian Accounting Standard No. (34) "Investment Property" was reissued in 2024, to</p>	<p>The Company doesn't have this type of asset. Accordingly, this</p>	<p>The amendments to the amendment of addition of the</p>

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.	change doesn't have an impact on the financial statement of the Company.	option to use the fair value model apply to financial periods commencing on or after January 1, 2024 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 Separate financial statement of the Company.	The amendments shall apply to financial periods commencing on or after January 1, 2024 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	The change doesn't have an impact on the 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 January 1, 2024 with early adaption allowed. If the entity made an early

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
	<p>currency, and guidelines for applying the required treatments in case of non-exchangeability.</p>		<p>application, this has to be disclosed. Entity shall not be modifying comparative information and instead should:</p> <ul style="list-style-type: none"> • 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. • 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.
<p>Accounting Interpretation No. (2) "Carbon Reduction Certificates"</p>	<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</p>	<p>The management is currently studying the financial implications of applying the accounting interpretation to the Company's financial statements.</p>	<p>The application starts on or after the first of January 2025, early adaption is allowed.</p>

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
	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 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 assessed 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.

3. OPERATING REVENUES

	<u>For the six months ended:</u>		<u>For the three months ended:</u>	
	<u>30/6/2024</u>	<u>30/6/2023</u>	<u>30/6/2024</u>	<u>30/6/2023</u>
	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Home and personal communications	4 550 263	3 472 640	2 362 920	1 782 921
Enterprise	1 725 938	1 304 527	789 075	588 036
Domestic wholesale	10 444 574	9 280 039	5 994 976	4 434 909
International carriers	6 123 936	3 897 885	3 497 972	2 037 264
International cables and networks	4 882 303	3 944 013	2 490 000	2 298 293
	<u>27 727 014</u>	<u>21 899 104</u>	<u>15 134 943</u>	<u>11 141 423</u>

Total operating revenues have increased by an amount of L.E. 5 827 910 K due to the increase in international carriers revenues by an amount of L.E. 2 226 051 K and home and personal communications revenues by an amount of L.E. 1 077 623 K due to the increase in revenues resulting from fixed line and rendering mobile phone service and domestic wholesale revenues by an amount of L.E. 1 164 535 K and international cables and networks revenues by an amount of L.E. 938 290 K and the increase in enterprise revenues by an amount of L.E. 421 411 K.

4. OPERATING COSTS

	<u>For the six months ended:</u>		<u>For the three months ended:</u>	
	<u>30/6/2024</u>	<u>30/6/2023</u>	<u>30/6/2024</u>	<u>30/6/2023</u>
	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Call cost	5 876 392	4 129 045	3 280 121	2 189 422
Depreciation and amortization	5 948 924	4 099 700	3 040 497	2 097 693
Salaries and wages	1 966 618	1 576 246	1 032 613	836 017
Company's social insurance contribution	181 360	152 539	90 276	77 087
Frequencies and licenses charges (NTRA)	1 378 010	941 732	731 301	404 507
Other operating cost	3 447 899	2 328 259	1 918 161	1 185 334
	<u>18 799 203</u>	<u>13 227 521</u>	<u>10 092 969</u>	<u>6 790 060</u>

Operating costs have increased by an amount of L.E. 5 571 682 K mainly due to the following: -

- The increase in Call cost by an amount of L.E. 1 747 347 K which is mainly due to the increase in cost of international fees by an amount of L.E. 646 677 K.
- The increase in the depreciation and amortization by an amount of L.E. 1 849 224 K due to the additions of the last year after the first half and the current period.
- The increase in the salaries and wages item by an amount of L.E. 390 372 K as a result of the annual increases during the period.
- The increase in the other operating cost item by an amount of L.E. 1 119 640 K which is mainly due to the increase in leased circuits by an amount of L.E. 164 821 K and fuel by an amount of L.E. 122 162 K and spare parts by an amount of L.E. 137 490 K and organizations services costs item by an amount of L.E. 137 061 K.

5. OTHER INCOME

	<u>For the six months ended :</u>		<u>For the three months ended:</u>	
	<u>30/6/2024</u>	<u>30/6/2023</u>	<u>30/6/2024</u>	<u>30/6/2023</u>
	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Shared revenues (SSC)	774 921	580 134	377 569	345 827
Royalties	446 356	-	446 356	-
Fines and earned delay interest	79 492	66 100	44 187	38 900
Unoperational assets incomes	80 000	46 818	40 647	26 076
Sundry incomes	199 587	116 508	188 230	71 913
	<u>1 580 356</u>	<u>809 560</u>	<u>1 096 989</u>	<u>482 716</u>

The increase in other income by an amount of L.E 770 796 K mainly due to the increase in both of shared revenues (SSC) item by an amount of L.E. 194 787 K and royalties item by an amount of L.E. 446 356 K.

6. SELLING AND DISTRIBUTING EXPENSES

	<u>For the six months ended :</u>		<u>For the three months ended:</u>	
	<u>30/6/2024</u>	<u>30/6/2023</u>	<u>30/6/2024</u>	<u>30/6/2023</u>
	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Salaries and wages	915 651	720 447	466 976	373 606
Company's social insurance contribution	78 730	70 807	39 180	35 796
Advertising and marketing	365 234	317 043	218 040	205 542
Organizations services costs	496 673	320 917	274 709	153 471
Agents' commissions and collection organizations	331 029	252 960	176 716	132 287
Depreciation & Amortization	19 087	18 604	10 241	9 660
Other selling and distributing expenses	89 334	65 553	47 517	38 565
	<u>2 295 738</u>	<u>1 766 331</u>	<u>1 233 379</u>	<u>948 927</u>

The increase in selling and distribution expenses by an amount of L.E 529 407 K mainly due to the increase in salaries and wages item by an amount of L.E 195 204 K mainly due to the annual increases during the period and organizations services costs item by an amount of L.E 175 756 K and agents' commissions and collection organizations item by an amount of L.E. 78 069 K and advertising and marketing item by an amount of L.E 48 191 K.

7. GENERAL AND ADMINISTRATIVE EXPENSES

	Note No.	<u>For the six months ended :</u>		<u>For the three months ended:</u>	
		<u>30/6/2024</u>	<u>30/6/2023</u>	<u>30/6/2024</u>	<u>30/6/2023</u>
		<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Salaries and wages		1 698 090	1 244 349	872 156	653 466
Company's social insurance contribution		120 213	99 748	58 698	50 527
The company's contribution in loyalty and belonging fund	(10)	130 000	100 000	65 000	50 000
Depreciation & Amortization		38 462	31 546	19 103	15 788
Tax and duties		230 923	105 613	109 522	57 155
Organizations services costs and consultants		332 147	311 205	163 362	170 324
Other general and administrative expenses		234 824	198 463	108 973	104 531
		<u>2 784 659</u>	<u>2 090 924</u>	<u>1 396 814</u>	<u>1 101 791</u>

The increase in general and administrative expenses by an amount of L.E 693 735 K mainly due to the increase of salaries and wages item by an amount of L.E 453 741 K mainly due to the annual increases during the period and tax and duties item by an amount of L.E 125 310 K.

8. NET FINANCE COST

The increase in net finance cost by an amount of L.E 3 278 980 K during the period is mainly due to the increase in the debit interest by an amount of L.E. 2 936 791 K and net loss of foreign currencies during the period by an amount of L.E. 273 571 K.

9. INCOME FROM INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

	<u>For the six months ended:</u>		<u>For the three months ended:</u>	
	<u>30/6/2024</u>	<u>30/6/2023</u>	<u>30/6/2024</u>	<u>30/6/2023</u>
	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>
<u>9-1 Income from investment in subsidiaries</u>				
WE-Data	3 002 000	218 500	-	-
Middle East Radio Communication (Merc)	5 646	3 792	-	-
The Egyptian Telecommunication Company for information system (Xceed)	125 000	62 500	-	-
Centra for Technology company (Centra)	8 814	38 195	-	-
<u>9-2 Income from investment in associates</u>				
Vodafone Egypt Telecommunications Company	-	2 107 410	-	2 107 410
Egypt trust	25 000	-	25 000	-
	<u>3 166 460</u>	<u>2 430 397</u>	<u>25 000</u>	<u>2 107 410</u>

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

10. EMPLOYEE'S BENEFITS

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

- The employees are granted an end of service benefits through a Loyalty & belonging Fund established in January 2004. Employees' benefit is based on the employees' basic salary in January 1, 2017 increasing annually at a compound rate of 5%. The subscription for employees hired after January 1, 2017 is calculated according to a subscription schedule for new hires and increase annually at a compound rate of 5% starting from the next year of the hiring date with the same conditions of periodical raise of employees.
- Noting that the General Assembly of the Loyalty and belonging Fund, which was held in 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 130 M for the period ended in June 30, 2024 (against an amount of L.E.100 M for the same period of 2023).

11. BASIC AND DILUTED EARNING PER SHARE.

	<u>For the six months ended :</u>		<u>For the three months ended:</u>	
	<u>30/6/2024</u>	<u>30/6/2023</u>	<u>30/6/2024</u>	<u>30/6/2023</u>
Net profit for the period (LE in thousand)	4 416 350	5 724 683	30 985	3 263 236
Weighted average for number of shares available during the period (share)	1707 071 600	1707 071 600	1707 071 600	1707 071 600
Basic and diluted earnings per share for the period (LE / share)	2.59	3.35	0.02	1.91

12. FIXED ASSETS AND PROJECTS UNDER CONSTRUCTION

Description	30/6/2024	30/6/2023	30/6/2024	30/6/2023	30/6/2024	30/6/2023	31/12/2023
	Cost	Cost	Accumulated depreciation	Accumulated depreciation	Net	Net	Net
	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>
Land	2 397 556	2 386 374	-	-	2 397 556	2 386 374	2 386 374
Buildings & Infrastructure	57 163 657	48 482 874	23 832 802	21 363 231	33 330 855	27 119 643	30 452 319
Centrals & information technologies equipment	52 854 402	41 236 158	22 737 838	18 901 100	30 116 564	22 335 058	26 192 783
Vehicles	326 025	284 823	150 120	126 609	175 905	158 214	163 098
Furniture	622 910	540 982	433 887	393 169	189 023	147 813	165 282
Tools & supplies	276 033	268 691	200 740	184 165	75 293	84 526	78 966
Projects under construction	23 557 215	12 376 261	-	-	23 557 215	12 376 261	16 806 132
Total	137 197 798	105 576 163	47 355 387	40 968 274	89 842 411	64 607 889	76 244 954

- 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. 13 003 974 K, however the depreciation of the period by an amount of L.E. 4 914 959 K led to the limitation of this increase.
- The cost of fixed assets as of June 30, 2024 includes an amount of L.E. 13 040 Million fully depreciated fixed assets and still in use. (against an amount of L.E. 13 386 Million for the same period of 2023).
- The fixed assets additions includes an amount of L.E 5 523 013 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 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. USUFRUCT ASSETS

	30/6/2024	31/12/2023
	L.E. (000)	L.E. (000)
<u>Cost</u>		
Usufruct (projects)	2 393 155	2 051 260
Submarine cables (rights of way)	3 911 483	2 763 021
Right of way (local)	758 732	758 732
Land (possession-usufruct)	440 684	440 684
Projects under construction	1 499 953	2 014 493
	9 004 007	8 028 190
<u>Less:</u>		
Accumulated amortization	1 749 436	1 553 437
Net carrying amount of usufruct assets	7 254 571	6 474 753

- The increase in net carrying value of usufruct assets mainly due to the increase in submarine cables (rights of way) by an amount of L.E 1 484 462 K.
- Usufruct assets cost includes at June 30, 2024 an amount of L.E 255 Million (against an amount of L.E. 230 Million for the same period of 2023) usufruct assets fully amortized and still in use in operating.
- The usufruct assets include additions with an amount of L.E 322 610 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).

14. RIGHT OF USE ASSETS AND LIABILITIES (LEASE CONTRACTS)

14-1. Right of use assets (lease contracts)

	30/6/2024	31/12/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Cost of beginning balance	1 393 667	1 167 142
Additions	105 676	226 525
Cost of ending balance	<u>1 499 343</u>	<u>1 393 667</u>
Accumulated amortization beginning balance	641 279	468 498
Amortization for the period	102 059	172 781
Accumulated amortization Ending balance	<u>743 338</u>	<u>641 279</u>
Net carrying amount for right of use assets	<u>756 005</u>	<u>752 388</u>

	30/6/2024	30/6/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
<u>Amortization expense is distributed as follows:</u>		
Operating Costs	65 060	51 896
Selling and distributing expenses	13 253	13 774
General and administrative expenses	23 746	14 592
	<u>102 059</u>	<u>80 262</u>

14-2. Lease Obligations

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

	30/6/2024	31/12/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Beginning balance of Present value for lease obligations	920 738	855 320
Additions	105 676	226 525
Payments	(123 045)	(263 905)
interest	61 366	102 798
Net present value for lease obligations resulting from right of use	<u>964 735</u>	<u>920 738</u>
<u>Less:</u>		
Current Lease obligations	217 568	175 020
Non Current Lease obligations	<u>747 167</u>	<u>745 718</u>

15. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

	<u>30/6/2024</u>		<u>31/12/2023</u>	
	<u>Ownership</u> <u>%</u>	<u>Amount</u> <u>L.E. (000)</u>	<u>Ownership</u> <u>%</u>	<u>Amount</u> <u>L.E. (000)</u>
15-1 Investments in subsidiaries				
- Telecom Egypt France (TE France)	100.00	69 220	100.00	69 220
- WE Data	99.99	252 461	99.99	252 461
- TE Investment Holding	99.99	39 998	99.99	39 998
- Egyptian international submarine cables company (Eisce)	99.00	267 578	99.00	267 578
- TE for sports investments	98.00	996	98.00	996
- Egyptian Telecommunication for Information System (Xceed)	97.66	31 250	97.66	31 250
- Centra Technology (centra)	58.76	14 737	58.76	14 737
- Middle East Radio Communication (Merc)**	49.00	7 350	49.00	7 350
15-2 Investments in associates				
- Wataneya for Telecommunications	50.00	125	50.00	125
- Vodafone Egypt Telecommunications Company	44.95	5 960 054	44.95	5 960 054
- Egypt Trust	35.71	10 000	35.71	10 000
		<u>6 653 769</u>		<u>6 653 769</u>
Less:				
Impairment loss on investments of subsidiaries and associates*		7 894		7 894
		<u>6 645 875</u>		<u>6 645 875</u>

*Impairment loss on investments of subsidiaries and associates is formed for Telecom Egypt France (TE France) by an amount of L.E 269 K and Egypt Trust by an amount of L.E 7 500 K and Wataneya for Telecommunications by an amount of L.E. 125 K.

**The company's direct and indirect share in Middle East Radio Communication (Merc) on June 30, 2024 is 51%.

16. INVENTORIES

	<u>30/6/2024</u>	<u>31/12/2023</u>
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Spare parts	1 210 578	1 023 898
Material supplies, Merchandise for sale	4 489 597	2 574 972
Others	32 523	24 630
	<u>5 732 698</u>	<u>3 623 500</u>

The value of inventories was written down by an amount of L.E. 79 645 K (against L.E. 79 645 K as at December 31, 2023) for obsolete and slow-moving items directly from the cost of each type of related inventory.

17. TRADE AND NOTE RECEIVABLES

	30/6/2024	31/12/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Trade Receivables - Local	5 118 722	3 524 277
Trade Receivables - International	10 531 897	6 612 802
	15 650 619	10 137 079
Less:		
Expected credit loss provision	2 839 741	2 565 172
Add:		
Notes receivables	174 969	180 225
	12 985 847	7 752 132

Trade and note receivables balance has increased by an amount of L.E 5 233 715 K mainly due to the increase in domestic wholesale by an amount of L.E 1 061 974 K ,enterprise by an amount of L.E. 364 981 K and increase in international cables and networks by an amount of L.E. 2 781 582 K and international carriers by an amount of L.E 1 137 513 K.

18. DEBTORS AND OTHER DEBIT BALANCES

	30/6/2024	31/12/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Suppliers – advance payments	1 801 937	461 665
Deposites with others	316 391	303 012
Accrued revenues	2 756 927	30 598
Tax Authority - value added tax	1 828 582	1 223 157
Due from external collection agencies	391 407	155 631
Due from ministries, organizations and companies	2 902 018	1 377 556
Temporary debts due from employees	565 988	927 812
Other debit balances	902 515	692 920
	11 465 765	5 172 351
Less:		
Expected credit loss provision	90 854	90 854
	11 374 911	5 081 497

- Debtors and other debit net balances have increased by an amount of L.E. 6 293 414 K mainly due to the increase in accrued revenues item by an amount of L.E. 2 726 329 K as a result of dividends payable for subsidiary company, Suppliers – advance payments by an amount of L.E 1 340 272 K and due from ministries, organizations and companies item by an amount of L.E. 1 524 462 K and the item of the Tax Authority – value added tax by an amount of L.E. 605 425 K.

19. CASH AND CASH EQUIVALENTS

	Note	30/6/2024	31/12/2023	30/6/2023
	No.	L.E. (000)	L.E. (000)	L.E. (000)
Banks - time deposits (less than 3 months)		1 950 405	8 274 182	5 554 022
Banks - current accounts		4 035 350	1 997 056	3 314 742
Cash on hand		14 550	1 716	9 647
Cash and cash equivalents		6 000 305	10 272 954	8 878 411
Less:				
Restricted cash and cash equivalents	(27)	668 766	506 354	42 487
Cash and cash equivalents as per cash flows statement		5 331 539	9 766 600	8 835 924

20. LOANS AND CREDIT FACILITIES

The increase in the balance of loans and credit facilities by an amount of L.E 31 420 223 K mainly resulted from credit facilities with local and foreign currencies during the period amounted to L.E. 21 851 959 K, in addition to the currency differences resulting from translation of foreign loans and facilities amounted to L.E 9 568 264 K where loans and credit facilities with local and foreign currencies on June 30, 2024 amounted to L.E. 80 736 408 K (against LE 49 316 185 K at December 31, 2023) with an amount of L.E. 46 745 326 K due within a year.

21. CREDITORS AND OTHER CREDIT BALANCES

	30/6/2024	31/12/2023
	L.E. (000)	L.E. (000)
Suppliers	5 141 895	4 984 385
Tax Authority (taxes other than income tax)	2 402 725	2 129 433
Deposits from others	912 455	793 602
Assets creditors	24 062 046	19 985 163
Accrued interest	724 776	422 217
Accrued expenses	1 049 896	909 520
Public Authority for Social Insurance	87 922	77 746
Trade receivables - credit balances	1 534 070	1 194 337
Credit balances- organizations and companies	876 487	477 836
Contract liabilities	8 518 919	4 452 759
National Telecommunication Regulatory Authority (NTRA)	2 940 864	2 486 418
Other credit balances	1 200 774	1 192 870
	49 452 829	39 106 286
Balances due within more than one year:		
Assets creditors	11 499 320	9 975 035
Contract liabilities	4 429 205	3 592 677
Non current creditors and other credit balances	15 928 525	13 567 712
Current creditors and other credit balances	33 524 304	25 538 574
Total creditors and other credit balances	49 452 829	39 106 286

Creditors and other credit balances have increased by an amount of L.E. 10 346 543 K mainly due to the increase in Asset creditors item by an amount of L.E 4 076 883 K, Contract liabilities item by an amount of L.E. 4 066 160 K, and National telecommunication regulatory authority (NTRA) item by an amount of L.E. 454 446 K, and credit balances – organizations and companies item by an amount of L.E. 398 651 K and trade receivables item by an amount of L.E. 339 733 K.

22. PROVISIONS

	30/6/2024	31/12/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Balance at the beginning of the period / year	699 273	763 913
Charged to statement of income for the period / year	3 379	83 344
Provision used during the period / year	(414 970)	(148 044)
Balance at the end of the period / year	<u>287 682</u>	<u>699 273</u>

23. CAPITAL

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

24. RESERVES

	30/6/2024	31/12/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Legal reserve	3 258 135	2 938 918
Other reserves	2 794 204	2 794 204
	<u>6 052 339</u>	<u>5 733 122</u>

The balance of legal reserve has increased as a result of retaining an amount of L.E. 319 217 K from the profit of 2023 in accordance with the company's articles of association.

25. Income tax

25-1 Items recognized in statement of income

	<u>For the six months ended:</u>	
	30/6/2024	30/6/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Current income tax	(618 445)	(814 078)
Deferred tax	1 891 194	440 433
	<u>1 272 749</u>	<u>(373 645)</u>

25-2 Items recognized in statement of comprehensive income

	<u>For the six months ended:</u>	
	30/6/2024	30/6/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Income tax	199 503	38 894
Deferred tax	2 662 339	838 256
	<u>2 861 842</u>	<u>877 150</u>

25-3 Recognized deferred tax assets and liabilities.

	30/6/2024		31/12/2023	
	Assets L.E.(000)	Liabilities L.E.(000)	Assets L.E.(000)	Liabilities L.E.(000)
Total deferred tax asset / (liability)	7 184 480	(2 069 925)	2 806 502	(2 245 480)
Net deferred tax assets	5 114 555	-	561 022	-
Deferred tax charged to the statement of income for the period / year	1 691 691		537 632	
Deferred tax charged to the statement of comprehensive income for the period / year	2 861 842		659 944	

25-4 Unrecognized deferred tax assets

	30/6/2024 L.E. (000)	31/12/2023 L.E. (000)
Unrecognized deferred tax assets	647 040	547 392

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

25-5 Current income tax

	30/6/2024 L.E. (000)	31/12/2023 L.E. (000)
Tax Authority - income tax	(104 326)	-
Less:		
Advanced payments	543 957	543 957
Withholding tax	232 591	218 147
	672 222	762 104

It represents the balance due from/to the Egyptian Tax Authority for income taxes on the profits of corporate companies

26. CAPITAL COMMITMENTS

The company's capital commitments for the unexecuted parts of contracts until June 30, 2024, amounted to L.E. 1 621 million (against L.E. 1 544 million at the year ended December 31, 2023).

27. CONTINGENT LIABILITIES

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

	30/6/2024 LE (000)	31/12/2023 LE (000)
- Letters of guarantee issued by banks on behalf of the company	3 485 374	2 877 711
- Letters of credit	1 620 742	1 543 882

*Letters of guarantee which were issued by banks on behalf of the company and for others on June 30,2024 including letters of guarantee issued in exchange for a cash cover (restricted cash and equivalent) (Note No.19)

28. TAX POSITION

28-1 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.

28- 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.

28- 3 Salary & wages Tax

- Tax inspection was performed for the years till December 31 ,2014 and the Company was notified with tax differences and all due taxes were settled except the additional tax for years from 2018 till 2020.
- 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.

28- 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.

28- 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.

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29. RELATED PARTY TRANSACTIONS

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

29-1 Transactions with subsidiaries & associates

	Nature of transaction during the period	Amount of transactions during the period stated in the income statement		Movement during the period		Balance as of	
		L.E. 000	L.E. 000	Debit L.E. 000	Credit L.E. 000	30/6/2024 (Credit) / Debit L.E. 000	31/12/2023 (Credit) / Debit L.E. 000
- TE Globes	Services rendered from subsidiary company	522 533	901 995	1 105 354	(1 127 802)	(924 443)	
- Centra for Technologies	Lease of subsidiary company premises, electricity claims, maintenance and leased circuits and sale of fixed assets	48 983	2 182 780	438 118	3 782 577	2 037 915	
- TE Data Jordan	Participation circuits contract	9 072	3 084 775	1 543 472	2 654 775	1 113 472	
- TE Data Jordan	Maintenance & supplying devices	749 405	22 492	19 072	3 106	(314)	
- TE Data Jordan	Participation contract	73 646	886 201	864 437	47 383	25 619	
- TE Data Jordan	Leased international circuits	6 498	26 570	31 774	(13 661)	(8 457)	
			9 845	-	14 630	4 785	
			36 415	31 774	969	(3 672)	
			4 029 883	2 458 755	2 706 233	1 139 091	
Total of debit balances due from subsidiaries							
Credit balances due to subsidiaries and associates							
- WE Data	Participation contract and Purchasing of fixed assets and services rendered from subsidiaries company	164 631	6 834 790	16 064 250	(10 559 045)	(1 329 585)	
- WE Data	Leased circuits and information transfer network tender to subsidiaries	6 599 708	11 377 330	5 572 158	536 040	(5 269 132)	
- WE Data	Royalties and shared services	1 221 277	1 392 225	1 100 637	939 244	647 656	
			19 084 345	22 737 045	(9 083 761)	(5 951 061)	
- Centra for Electronic Industries	Maintenance & supplying devices	5 649	3 703	6 671	(6 392)	(3 424)	
- Middle East Radio Communication (MERC)	Leased of information circuits	3 211	2 619	2 619	-	-	
- T E investment Holding	Rendered services from subsidiary company	76 028	116 952	120 785	(74 833)	(71 000)	
- T E investment Holding	Leased sites for subsidiary company	12	12	-	6	(6)	
			116 964	120 785	(74 827)	(71 006)	
- TE France	Participation contract	41 597	56 911	117 687	(206 113)	(145 337)	
- Egyptian International Submarine Cables Company (EISCC)	Leased sites for subsidiary company	8	8	-	8	-	
- Egyptian International Submarine Cables Company (EISCC)	Purchasing of intangible assets from subsidiaries company	-	-	-	(2 671)	(2 671)	
- Egyptian International Submarine Cables Company (EISCC)	Payments on behalf of the company	-	-	-	978	978	
			8	-	(1 685)	(1 693)	
- Mena Cable	Maintenance - Rendered services from subsidiary company	11 054	6 160	190 189	(325 934)	(141 905)	
- Mena Cable	Paid of expenses on behalf of parent company	3 926	2 058	4 474	(11 218)	(8 802)	
- Mena Cable	Maintenance - Rendered services to subsidiary company	5 794	21 331	-	46 838	25 507	
- Mena Cable	Capital increase	-	-	-	7 699	7 699	
- Mena Cable	Transfer of EISCC debt to the company	-	224 074	260 760	(822 014)	(785 328)	
			253 623	455 423	(1 104 629)	(902 829)	
- Vodafone Egypt Telecommunications Company	Ongoing calls and voice services for associate company	2 464 939	10 448 878	9 738 223	(373 117)	(1 083 772)	
- Vodafone Egypt Telecommunications Company	Incoming international calls, claims, transmissions, lease of locations and towers for the associate company	2 321 831	30 487 051	33 178 453	(10 850 524)	(8 163 108)	

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

29-2 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 different governmental entities, including revenues, costs, and other expenses, transactions related to taxes, social insurance and customs.

29-3 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 fiscal year ended in December 31, 2023, in addition to attending board sessions allowances stipulated in the ordinary general assembly of the company.

30- SIGNIFICANT EVENTS

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

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 rates were raised also by 600 points to reach 27.75 % while 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 (E) 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 negatively after amending foreign exchange rate. This optional special accounting treatment issued in this appendix is not considered an amendment to the current Egyptian accounting standards, 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 follow:

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 on the debit currency differences resulting from the settled due parts 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. When editing the cost of assets by applying paragraph "6" of this appendix the net adjusted cost shall not be more than the realizable value of asset which is measured in accordance with the amended Egyptian accounting standard No. 31 "impairment of assets".
3. 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" amended in 2024 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, Whether the currency of its entry is the Egyptian pound or any other foreign currency, 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

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the financial statements for the fiscal period to apply this special accounting treatment using the exchange rate used on that date , deducted from it any currency translation differences that have been recognized as cost of assets in accordance with paragraph No. 6 of this Appendix. Considering that these differences were mainly caused by the unusual movements of the exchange rate.

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 is included 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 Separate interim financial statements for the current period as follows:

<u>Item</u>	Before applying the accounting treatment	The impact of applying the accounting treatment	After applying the accounting treatment
	Debit / (Credit)	Debit / (Credit)	Debit / (Credit)
	<u>L.E(000)</u>	<u>L.E(000)</u>	<u>L.E(000)</u>
	<u>30/6/2024</u>		<u>30/6/2024</u>
<u>1-Statement of financial position</u>			
Fixed assets and projects under construction	84 319 398	5 523 013	89 842 411
Intangible assets (licenses and frequencies)	18 796 075	1 531 906	20 327 981
Usufruct assets	6 931 961	322 610	7 254 571
Retained earnings	(13 939 277)	9 857 454	(4 081 823)
<u>2- Statement of income</u>			
Finance cost	(25 442 561)	20 096 825	(5 345 736)
Depreciations and amortizations	(5 338 961)	(667 512)	(6 006 473)
Income tax	(1 589 093)	2 861 842	1 277 749
Basic and diluted earnings per share	(10.47)	13.06	2.59
<u>3-Statement of other comprehensive income</u>			
Translation differences of foreign currency balances	-	(12 719 296)	(12 719 296)
Income tax on translation differences of foreign currency balances	-	2 861 842	2 861 842