

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

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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 September 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 September 2024;
- The condensed interim separate statements of income for the three months and nine months periods ended 30 September 2024;
- The condensed interim separate statements of comprehensive income for the three months and nine months periods ended 30 September 2024;
- The condensed interim separate statements of changes in equity for nine months period ended 30 September 2024;
- The condensed interim separate statements of cash flows for nine months period ended 30 September 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

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

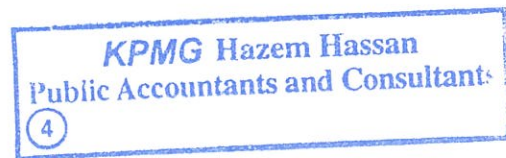
Translation from Arabic

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying 30 September 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
Public Accountants & Consultants**

Cairo, November 14, 2024



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

	Note No.	30/9/2024 L.E. (000)	31/12/2023 <u>Restated</u> L.E. (000)	1/1/2023 <u>Restated</u> L.E. (000)
Assets				
<u>Non Current Assets</u>				
Fixed assets and projects under construction	(12)	92 826 205	76 244 954	58 178 277
Intangible assets (licenses and frequencies)		19 897 377	14 964 829	15 022 419
Usufruct assets	(13)	7 404 634	6 474 753	4 662 386
Right of use assets (lease contracts)	(14-1)	807 901	752 388	698 644
Investments in subsidiaries and associates	(15)	6 645 875	6 645 875	6 645 875
Financial assets at FVOCI		83 442	83 442	74 856
Deferred tax assets	(25-3)	5 109 924	561 022	23 390
Total Non Current Assets		132 775 358	105 727 263	85 305 847
<u>Current Assets</u>				
Inventories	(16)	6 754 659	3 623 500	2 170 859
Trade and notes receivables	(17)	13 268 512	7 752 132	6 586 273
Current income tax	(25-5)	606 176	762 104	397 864
Debtors and other debit balances	(18)	8 365 346	5 081 497	4 762 858
Debit balances with subsidiaries	(29-1)	1 584 502	1 139 091	2 512
Cash and cash equivalents	(19)	8 879 802	10 272 954	6 158 165
Total Current Assets		39 458 997	28 631 278	20 078 531
Total Assets		172 234 355	134 358 541	105 384 378
<u>Equity</u>				
Capital	(23)	17 070 716	17 070 716	17 070 716
Reserves	(24)	6 052 339	5 733 122	5 359 173
Retained earnings		7 972 240	15 771 990	14 847 544
Total Equity		31 095 295	38 575 828	37 277 433
<u>Non Current Liabilities</u>				
Long term loans and credit facilities	(20)	34 286 218	19 725 744	20 390 098
Lease obligations	(14-2)	765 500	745 718	698 100
Creditors and other credit balances	(21)	18 574 048	13 567 712	6 259 706
Total Non Current Liabilities		53 625 766	34 039 174	27 347 904
<u>Current Liabilities</u>				
Short term loans and credit facilities	(20)	47 239 070	29 590 441	10 353 603
Lease obligations	(14-2)	261 154	175 020	157 220
Creditors and other credit balances	(21)	33 015 117	25 538 573	24 535 926
Credit balances to subsidiaries and associates	(29-1)	6 710 962	5 740 232	4 948 319
Provisions	(22)	286 991	699 273	763 973
Total Current Liabilities		87 513 294	61 743 539	40 759 041
Total Liabilities		141 139 060	95 782 713	68 106 945
Total Equity and Liabilities		172 234 355	134 358 541	105 384 378

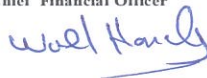
The accompanying notes on pages (6) to (27) are an integral part of these Condensed Separate Interim Financial Statements.

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 No.	<u>For the nine months ended :</u>		<u>For the three months ended</u>	
		<u>30/9/2024</u>	<u>30/9/2023</u>	<u>30/9/2024</u>	<u>30/9/2023</u>
			<u>Restated</u>		<u>Restated</u>
		<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>
Operating revenues	(3)	43 026 587	32 372 134	15 299 573	10 473 030
Operating costs	(4)	(29 200 397)	(20 183 105)	(10 401 194)	(6 955 584)
Gross Profit		13 826 190	12 189 029	4 898 379	3 517 446
Other income	(5)	2 490 875	1 718 217	910 519	600 176
Selling and distributing expenses	(6)	(3 517 782)	(2 671 762)	(1 222 044)	(887 424)
General and administrative expenses	(7)	(4 445 381)	(3 241 491)	(1 660 722)	(1 150 567)
Expected credit loss		(274 569)	(195 959)	-	(74 771)
Other expenses		(115 577)	(87 771)	(2 504)	(37 009)
Operating profit		7 963 756	7 710 263	2 923 628	1 967 851
Finance income		369 835	464 398	87 086	130 597
Finance cost		(9 548 832)	(3 520 485)	(4 203 096)	(1 402 677)
Net finance cost	(8)	(9 178 997)	(3 056 087)	(4 116 010)	(1 272 080)
Income from investments in subsidiaries and associates	(9)	6 638 783	2 430 397	3 472 323	-
Net profit for the period before income tax		5 423 542	7 084 573	2 279 941	695 771
Income tax	(25-1)	460 348	(498 966)	(812 401)	(125 321)
Net profit for the period after income tax		5 883 890	6 585 607	1 467 540	570 450
Basic and diluted earning per share for the period (L.E. / Share)	(11)	3.45	3.86	0.86	0.33

The accompanying notes on pages (6) to (27) are an integral part of these condensed separate interim financial statements.

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

	Note	<u>For the nine months ended :</u>		<u>For the three months ended :</u>	
	<u>No.</u>	30/9/2024	30/9/2023	30/9/2024	30/9/2023
			<u>Restated</u>		<u>Restated</u>
		<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>
Net profit for the period after income tax		5 883 890	6 585 607	1 467 540	570 450
<u>Other Comprehensive Income Items:</u>					
Translation differences of foreign currency balances		(12 719 296)	(3 542 864)	-	355 582
Income tax on translation differences of foreign currency balances	(25-2)	2 861 842	797 144	-	(80 006)
		<u>(9 857 454)</u>	<u>(2 745 720)</u>	<u>-</u>	<u>275 576</u>
Transferred to retained earnings during the period	(30-2)	9 857 454	2 745 720	-	(275 576)
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Comprehensive Income		<u>5 883 890</u>	<u>6 585 607</u>	<u>1 467 540</u>	<u>570 450</u>

The accompanying notes on pages (6) to (27) are an integral part of these condensed separate interim financial statements.

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

	Note No.	Capital L.E. (000)	Legal reserve L.E. (000)	Other reserves L.E. (000)	Retained earnings L.E. (000)	Total L.E. (000)
Balance as of January 1, 2023 as Previously reported						
Restatement	(31-1)	-	-	-	13 024 149	35 454 038
Balance as of January 1, 2023 (Restated)		17 070 716	2 571 623	2 787 550	1 823 395	1 823 395
<u>Comprehensive income</u>		17 070 716	2 571 623	2 787 550	14 847 544	37 277 433
Net profit for the period (Restated)	(31-1)	-	-	-	6 585 607	6 585 607
Total comprehensive income (Restated)		-	-	-	6 585 607	6 585 607
Impact of Translation differences of foreign currency balances		-	-	-	(3 021 296)	(3 021 296)
Transferred to legal reserve		-	367 295	-	(367 295)	-
<u>Transactions with shareholders</u>						
Dividends for year 2022 (Shareholders)		-	-	-	(2 133 840)	(2 133 840)
Dividends for year 2022 (Employees & Board of Directors)		-	-	-	(806 506)	(806 506)
Total transactions with shareholders		-	-	-	(2 940 346)	(2 940 346)
Balance as of September 30, 2023 (Restated)		17 070 716	2 938 918	2 787 550	13 280 819	37 901 398
Balance as of January 1, 2024 as Previously reported		17 070 716	2 938 918	2 794 204	13 348 114	36 151 952
Restatement	(31-1)	-	-	-	2 422 876	2 422 876
Balance as of January 1, 2024 (Restated)		17 070 716	2 938 918	2 794 204	15 771 990	38 575 828
<u>Comprehensive income</u>						
Net profit for the period		-	-	-	5 883 890	5 883 890
Total comprehensive income		-	-	-	5 883 890	5 883 890
Impact of translation differences of foreign currencies balances	(30-2)	-	-	-	(9 857 454)	(9 857 454)
Transferred to legal reserve		-	319 217	-	(319 217)	-
<u>Transactions with shareholders</u>						
Dividends for year 2023 (Shareholders)		-	-	-	(2 560 607)	(2 560 607)
Dividends for year 2023 (Employees & Board of Directors)		-	-	-	(946 362)	(946 362)
Total transactions with shareholders		-	-	-	(3 506 969)	(3 506 969)
Balance as of September 30, 2024		17 070 716	3 258 135	2 794 204	7 972 240	31 095 295

The accompanying notes on pages (6) to (27) are an integral part of these condensed separate interim financial statements.

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

		<u>For the nine months ended:</u>	
	Note No.	30/9/2024 L.E.(000)	30/9/2023 L.E.(000)
<u>Cash flows from operating activities :</u>			
Cash receipts from customers and notes receivable		30 257 092	22 052 548
Cash receipts from related party		8 269 268	6 895 672
Stamp tax and fees collected (from third party)		13 723	82 295
Deposits collected from customers		39 965	43 504
Cash paid to suppliers		(7 130 832)	(5 452 351)
Cash paid for NTRA		(2 637 052)	(1 088 917)
Cash paid to Board of Directors		(18 550)	(15 250)
Cash paid to employees		(5 765 967)	(4 884 724)
Cash paid on behalf of employees to third party		(975 599)	(837 867)
Payments to Tax Authority - taxes other than income tax		(5 417 738)	(2 900 549)
Other proceeds/ (payments)		1 993 820	(270 769)
Cash provided by operating activities		18 628 130	13 623 592
Interest paid		(7 008 821)	(2 922 146)
Payments to Tax Authority - Income tax		(393 437)	(235 394)
Net cash provided by operating activities		11 225 872	10 466 052
<u>Cash flows from investing activities :</u>			
Payments for purchase of fixed assets and projects under construction		(23 380 585)	(15 356 032)
Payments for purchase of intangible assets		(6 186 350)	(2 812 797)
Credit interest		255 275	299 188
Dividends collected from investments		5 957 889	2 192 212
Proceeds from financial assets at amortized cost - treasury bills income		70 679	91 370
Net cash used in investing activities		(23 283 092)	(15 586 059)
<u>Cash flows from financing activities :</u>			
Payments of loans		(3 659 158)	(3 276 390)
Proceeds from loans		11 314 435	-
Net proceeds of credit facilities		5 630 576	14 065 955
Payments of lease obligations		(221 010)	(171 666)
Dividends paid to shareholders		(2 560 607)	(2 133 840)
Net cash provided by financing activities		10 504 236	8 484 059
Net change in cash and cash equivalents during the period		(1 552 984)	3 364 052
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)	8 213 616	9 479 536

The accompanying notes on pages (6) to (27) are an integral part of these condensed separate interim financial statements.

Telecom Egypt Company
(An Egyptian Joint Stock Company)

Notes to the Condensed Separate Interim Financial Statements
For The Nine Months Ended September 30, 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 November 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 September 30, 2024, have been prepared according to Egyptian Accounting Standard No.30 requirements "Interim Financial Reporting" and in the light of applicable laws and regulations accordingly it was prepared as a Condensed 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

Except for what was explained in Note No. (31) and 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 September 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
Egyptian Accounting Standard No. (50) "Insurance Contracts".	<p>1-This standard determines the principles of recognition of insurance contracts falling within the scope of this standard, and determines their measurement, presentation, and disclosure. The objective of the standard is to ensure that the Company provides appropriate information that truthfully reflects those contracts. This information provides users of financial statements with the basis for assessing the impact of insurance contracts on the Company's financial position, financial performance, and cash flows.</p> <p>2-Egyptian Accounting Standard No. (50) replaces and cancels Egyptian Accounting Standard No. 37 "Insurance Contracts". Any reference to Egyptian Accounting Standard No. (37) in other Egyptian Accounting Standards to be replaced by Egyptian Accounting Standard No. (50).</p> <p>3-The following Egyptian Accounting Standards have been amended to comply with the requirements of the application of Egyptian Accounting Standard No. (50) "Insurance Contracts", as follows:</p> <ul style="list-style-type: none"> - Egyptian Accounting Standard No. (10) "Fixed Assets". - Egyptian Accounting Standard No. (23) "Intangible Assets". - Egyptian Accounting Standard No. (34) "Investment property". 	The change doesn't have an impact on the Separate financial statement of the Company.	Egyptian Accounting Standard No. (50) is effective for annual financial periods starting <u>on or after July 1, 2024</u> , and if the Egyptian Accounting Standard No. (50) applied for an earlier period, the Company should disclose that fact.
Egyptian Accounting	The Egyptian Accounting Standard No. (34) "Investment Property" was reissued in 2024, to	The Company doesn't have this type of asset. Accordingly, this	The amendments to the amendment of addition of the

Notes to the condensed Separate Interim Financial Statements
For The Nine months ended September 30, 2024 (continued)

Translation from Arabic

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
	currency, and guidelines for applying the required treatments in case of non-exchangeability.		<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.
Accounting Interpretation No. (2) "Carbon Reduction Certificates"	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	The management is currently studying the financial implications of applying the accounting interpretation to the Company's financial statements.	The application starts on or after the first of January 2025, early adaption is allowed.

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
	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 evaluated that there is no difficulty in exchanging liabilities evaluated in foreign currencies, to the extent that assets evaluated in foreign currencies can be used to settle these obligations, and that there are no liabilities evaluated in foreign currencies that will be settled from outside the banking system, and there is no estimate that there will be difficulty exchanging these balances in the near future.

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

3. OPERATING REVENUES

	For the nine months ended:		For the three months ended:	
	30/9/2024	30/9/2023	30/9/2024	30/9/2023
	L.E. (000)	L.E. (000)	L.E. (000)	L.E. (000)
Home and personal communications	7 055 434	5 300 466	2 505 171	1 827 826
Enterprise	2 738 496	1 972 431	1 012 558	667 904
Domestic wholesale	15 982 609	13 381 910	5 538 035	4 101 871
International carriers	9 719 937	5 873 940	3 596 001	1 976 055
International cables and networks	7 530 111	5 843 387	2 647 808	1 899 374
	<u>43 026 587</u>	<u>32 372 134</u>	<u>15 299 573</u>	<u>10 473 030</u>

Total operating revenues have increased by an amount of L.E. 10 654 453 K due to the increase in international carriers revenues by an amount of L.E. 3 845 997 K and domestic wholesale revenues by an amount of L.E. 2 600 699 K and home and personal communications revenues by an amount of L.E. 1 754 968 K due to the increase in revenues resulting from fixed line and rendering mobile phone service and international cables and networks revenues by an amount of L.E. 1 686 724 K and the increase in enterprise revenues by an amount of L.E. 766 065 K.

4. OPERATING COSTS

	For the nine months ended :		For the three months ended :	
	30/9/2024	30/9/2023	30/9/2024	30/9/2023
	L.E. (000)	L.E. (000)	L.E. (000)	L.E. (000)
Call cost	9 266 799	6 291 938	3 390 407	2 162 893
Depreciation and amortization	9 279 034	6 413 466	3 330 110	2 313 766
Salaries and wages	2 924 320	2 441 821	957 702	865 575
Company's social insurance contribution	263 231	229 444	81 871	76 905
Frequencies and licenses charges (NTRA)	2 130 953	1 363 083	752 943	421 351
Other operating cost	5 336 060	3 443 353	1 888 161	1 115 094
	<u>29 200 397</u>	<u>20 183 105</u>	<u>10 401 194</u>	<u>6 955 584</u>

Operating costs have increased by an amount of L.E. 9 017 292 K mainly due to the following: -

- The increase in Call cost by an amount of L.E. 2 974 861 K which is mainly due to the increase in cost of international fees by an amount of L.E. 1 855 427 K and cost of international fees of transit service by an amount of L.E. 711 484 K.
- The increase in the depreciation and amortization by an amount of L.E. 2 865 568 K due to the additions of the last quarter of the previous year and the current period.
- The increase in the salaries and wages item by an amount of L.E. 482 499 K as a result of the annual increases during the period.
- The increase in frequencies and license charges (NTRA) item by an amount of L.E. 767 870 K.
- The increase in the other operating cost item by an amount of L.E. 1 892 707 K which is mainly due to the increase in leased circuits by an amount of L.E. 247 887 K and fuel by an amount of L.E. 298 389 K and Maintenance item by an amount of L.E. 310 654 K and spare parts item by an amount of L.E. 245 747 K and IRU right of use item by an amount of L.E. 159 532 K and organizations services costs item by an amount of L.E. 130 213 K.

5. OTHER INCOME

	<u>For the nine months ended :</u>		<u>For the three months ended:</u>	
	<u>30/9/2024</u>	<u>30/9/2023</u>	<u>30/9/2024</u>	<u>30/9/2023</u>
		<u>Restated</u>		<u>Restated</u>
	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Shared service revenues (SSC)	1 177 532	845 227	402 611	265 093
Royalties*	685 942	471 601	239 586	163 120
Fines and earned delay interest	131 795	116 033	52 303	49 933
Unoperational assets incomes	164 558	76 465	84 558	29 647
Sundry incomes	331 048	208 891	131 461	92 383
	<u>2 490 875</u>	<u>1 718 217</u>	<u>910 519</u>	<u>600 176</u>

The increase in other income by an amount of L.E 772 658 K mainly due to the increase in shared service revenues (SSC) item by an amount of L.E. 332 305 K and non - operating assets incomes item by an amount of L.E. 88 093 K and royalties' item by an amount of L.E. 214 314 K.

* Restatement was made on comparative figures as shown in Note No. (31-2).

6. SELLING AND DISTRIBUTING EXPENSES

	<u>For the nine months ended :</u>		<u>For the three months ended :</u>	
	<u>30/9/2024</u>	<u>30/9/2023</u>	<u>30/9/2024</u>	<u>30/9/2023</u>
		<u>Restated</u>		<u>Restated</u>
	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Salaries and wages	1 348 235	1 062 762	432 584	342 315
Company's social insurance contribution	112 070	105 620	33 340	34 813
Advertising and marketing*	631 392	504 118	266 158	169 068
Organizations services costs	741 885	489 933	245 212	169 016
Agents' commissions and collection organizations	523 843	387 907	192 814	134 947
Depreciation & Amortization	32 456	27 948	13 369	9 344
Other selling and distribution expenses	127 901	93 474	38 567	27 921
	<u>3 517 782</u>	<u>2 671 762</u>	<u>1 222 044</u>	<u>887 424</u>

The increase in selling and distribution expenses by an amount of L.E 846 020 K mainly due to the increase in salaries and wages item by an amount of L.E 285 473 K mainly due to the annual increases during the period and agents' commissions and collection organizations item by an amount of L.E. 135 936 K and organizations services costs item by an amount of L.E 251 952 K and advertising and marketing item by an amount of L.E 127 274 K.

* Restatement was made on comparative figures as shown in Note No. (31-2).

7. GENERAL AND ADMINISTRATIVE EXPENSES

	Note No.	For the nine months ended :		For the three months ended :	
		30/9/2024	30/9/2023	30/9/2024	30/9/2023
		L.E. (000)	L.E. (000)	L.E. (000)	L.E. (000)
Salaries and wages		2 495 451	1 828 061	797 361	583 712
Company's social insurance contribution		167 248	150 304	47 035	50 556
End of service compensation		315 415	-	315 415	-
The company's contribution in loyalty and belonging fund	(10)	195 000	150 000	65 000	50 000
Depreciation & Amortization		69 479	47 335	31 017	15 789
Tax and duties		337 875	240 126	106 952	134 513
Organizations services costs and consultants		516 477	514 630	184 330	203 425
Other general and administrative expenses		348 436	311 035	113 612	112 572
		4 445 381	3 241 491	1 660 722	1 150 567

The increase in general and administrative expenses by an amount of L.E 1 203 890 K mainly due to the increase of salaries and wages item by an amount of L.E 667 390 K mainly due to the annual increases during the period and end of service compensation item by an amount of L.E. 315 415 K and tax and duties item by an amount of L.E 97 749 K.

8. NET FINANCE COST

The increase in net finance cost by an amount of L.E 6 122 910 K during the period is mainly due to the increase in the debit interest by an amount of L.E. 4 579 893 K and net loss of foreign currencies during the period by an amount of L.E. 1 559 542 K.

9. INCOME FROM INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

	For the nine months ended:		For the three months ended:	
	30/9/2024	30/9/2023	30/9/2024	30/9/2023
	L.E. (000)	L.E. (000)	L.E. (000)	L.E. (000)
9-1 Income from investment in subsidiaries				
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	-	-
9-2 Income from investment in associates				
Vodafone Egypt Telecommunications Company	3 472 323	2 107 410	3 472 323	-
Egypt trust	25 000	-	-	-
	6 638 783	2 430 397	3 472 323	-

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

10.1 End of service compensation

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

First: The important conditions of end of service compensation

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

Second: The most important benefits of end of service compensation

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

The company's manpower planning committee has considered the applications for end of service compensation submitted by employees to enroll in the system to determine the extent to which those applications meet the conditions and whether the company needs the applicant employee or not, the said committee has completed the study of all the applications submitted by the employees of the company, and based on its recommendations and after obtaining all the necessary approvals, an administrative orders have been issued for the end of the service of employees whose meet the requirements of the above scheme. Currently, the said committee has prepared the study of all the applications submitted to it by the employees of the company, issuing its recommendations and preparing the final reports of the results of its works in order to determine all the liabilities that the company will bear as a result of the application of the end of service compensation scheme, the company's liabilities as a result of implementation of this scheme amounted to L.E. 315 415 K for the period ended in 30 September 2024 (Note no. 7).

10-2 End of service benefits (Company's Contribution in Loyalty & Belonging Fund)

- The employees are granted an end of service benefits through a Loyalty & belonging Fund established in January 2004. Employees' benefit is based on the employees' basic salary in January 1, 2017 increasing annually at a compound rate of 5%. The subscription for employees hired after January 1, 2017 is calculated according to a subscription schedule for new hires and increase annually at a compound rate of 5% starting from the next year of the hiring date with the same conditions of periodical raise of employees.
- Noting that the General Assembly of the Loyalty and belonging Fund, which was held in March 31, 2024, approved the amendment of the subscription fee for disbursing benefits and collecting contributions to be the basic wage on 1/1/2021, provided that this amendment takes effect from 1/1/2024 after the issuance of the General Assembly's decision financial control of the proposed amendments to the Fund's Articles of Association, according to the approval of the Extraordinary General Assembly, which has not been issued to date.
- The employees share in loyalty & belonging fund according to constant subscription are based on the same employees' basic salary where the end of service benefit calculated. The company's share represents annual defined contribution and the company had contributed by an amount of L.E 195 M for the period ended in September 30, 2024 (against an amount of L.E.150 M for the same period of 2023).

11. BASIC AND DILUTED EARNING PER SHARE FOR THE PERIOD:

	For the nine months ended :		For the three months ended:	
	30/9/2024	30/9/2023 Restated	30/9/2024	30/9/2023 Restated
Net profit for the period (LE in thousand)	5 883 890	6 585 607	1 467 540	570 450
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)	3.45	3.86	0.86	0.33

12. FIXED ASSETS AND PROJECTS UNDER CONSTRUCTION

Description	30/9/2024	30/9/2023	30/9/2024	30/9/2023	30/9/2024	30/9/2023	31/12/2023
	Cost	Cost	Accumulated depreciation	Accumulated depreciation	Net	Net	Net
	L.E.(000)	L.E.(000)	L.E.(000)	L.E.(000)	L.E.(000)	L.E.(000)	L.E.(000)
Land	2 397 556	2 386 374	-	-	2 397 556	2 386 374	2 386 374
Buildings & Infrastructure	61 454 477	49 534 989	24 588 940	21 911 968	36 865 537	27 623 021	30 452 319
Centrals & information technologies equipment	55 441 552	42 790 543	24 693 376	18 843 408	30 748 176	23 947 135	26 192 783
Vehicles	326 026	284 823	156 874	132 553	169 152	152 270	163 098
Furniture	679 616	554 163	448 489	404 052	231 127	150 111	165 282
Tools & supplies	280 870	269 904	206 197	189 517	74 673	80 387	78 966
Projects under construction	22 339 984	13 395 448	-	-	22 339 984	13 395 448	16 806 132
Total	142 920 081	109 216 244	50 093 876	41 481 498	92 826 205	67 734 746	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. 18 659 984 K, however the depreciation of the period by an amount of L.E. 7 739 012 K led to the limitation of this increase.
- The cost of fixed assets as of September 30, 2024 includes an amount of L.E. 13 695 Million fully depreciated fixed assets and still in use. (against an amount of L.E. 13 351 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. (31-2).

13. USUFRUCT ASSETS

	30/9/2024 L.E. (000)	31/12/2023 L.E. (000)
Cost		
Usufruct (projects)	2 334 327	2 051 260
Submarine cables (rights of way)	4 025 443	2 763 021
Right of way (local)	758 732	758 732
Land (possession-usufruct)	543 382	440 684
Projects under construction	1 592 192	2 014 493
	9 254 076	8 028 190
Less:		
Accumulated amortization	1 849 442	1 553 437
Net carrying amount of usufruct assets	7 404 634	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 1 262 422 K.

- Usufruct assets cost includes at September 30, 2024 an amount of L.E 253 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 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. (31-2).

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

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

	30/9/2024	31/12/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Cost of beginning balance	1 393 667	1 167 142
Additions	223 844	226 525
Cost of ending balance	1 617 511	1 393 667
Accumulated amortization beginning balance	641 279	468 498
Amortization for the period	168 331	172 781
Accumulated amortization Ending balance	809 610	641 279
Net carrying amount for right of use assets	807 901	752 388
	30/9/2024	30/9/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
<u>Amortization expense is distributed as follows:</u>		
Operating Costs	99 792	82 805
Selling and distributing expenses	20 997	20 710
General and administrative expenses	47 542	21 183
	168 331	124 698

14-2. Lease Liability

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

	30/9/2024	31/12/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Beginning balance of Present value for lease contracts	920 738	855 320
Additions	223 844	226 525
Payments	(221 010)	(263 905)
interest	103 082	102 798
Net present value for lease liability resulting from lease contracts	1 026 654	920 738
<u>Less:</u>		
Current Lease liability	261 154	175 020
Non Current Lease liability	765 500	745 718

15. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

	30/9/2024		31/12/2023	
	Ownership	Amount	Ownership	Amount
	%	L.E. (000)	%	L.E. (000)
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 (Eiscc)	99.00	267 578	99.00	267 578
- TE for sports investments	98.00	996	98.00	996
- Egyptian Telecommunication for Information System (Xceed)	97.66	31 250	97.66	31 250
- Centra Technology (centra)	58.76	14 737	58.76	14 737
- Middle East Radio Communication (Merc)**	49.00	7 350	49.00	7 350
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
		6 653 769		6 653 769
Less:				
Impairment loss on investments of subsidiaries and associates*		7 894		7 894
		6 645 875		6 645 875

*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 September 30, 2024 is 51%.

16. INVENTORIES

	30/9/2024	31/12/2023
	L.E. (000)	L.E. (000)
Spare parts	1 412 458	1 023 898
Material supplies, Merchandise for sale	5 309 212	2 574 972
Others	32 989	24 630
	6 754 659	3 623 500

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

	30/9/2024	31/12/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Trade Receivables - Local	5 184 844	3 524 277
Trade Receivables - International	10 539 297	6 612 802
	15 724 141	10 137 079
<u>Less:</u>		
Expected credit loss provision	2 839 741	2 565 172
<u>Add:</u>		
Notes receivables	384 112	180 225
	13 268 512	7 752 132

Trade and note receivables balance has increased by an amount of L.E 5 516 380 K mainly due to the increase in domestic wholesale by an amount of L.E 1 426 719 K, home and personal communications by an amount of L.E. 215 339 K and increase in international cables and networks by an amount of L.E. 3 105 916 K and international carriers by an amount of L.E 820 579 K.

18. DEBTORS AND OTHER DEBIT BALANCES

	30/9/2024	31/12/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Suppliers – advance payments	2 034 723	461 665
Deposites with others	320 329	303 012
Accrued revenues	71 670	30 598
Tax Authority - value added tax	1 115 152	1 223 157
Due from external collection agencies	193 469	155 631
Due from ministries, organizations and companies	2 924 330	1 377 556
Temporary debts due from employees	853 180	927 812
Other debit balances	943 347	692 920
	8 456 200	5 172 351
<u>Less:</u>		
Expected credit loss provision	90 854	90 854
	8 365 346	5 081 497

- Debtors and other debit net balances have increased by an amount of L.E. 3 283 839 K mainly due to the increase in Suppliers – advance payments by an amount of L.E 1 573 058 K and due from ministries, organizations and companies' item by an amount of L.E. 1 546 764 K.

19. CASH AND CASH EQUIVALENTS

	Note	30/9/2024	31/12/2023	30/9/2023
	No.	L.E. (000)	L.E. (000)	L.E. (000)
Banks - time deposits (less than 3 months)		3 306 455	8 274 182	6 349 923
Banks - current accounts		5 563 674	1 997 056	3 167 198
Cash on hand		9 673	1 716	10 385
Cash and cash equivalents		8 879 802	10 272 954	9 527 506
Less:				
Restricted cash and cash equivalents	(27)	669 186	506 354	47 970
Cash and cash equivalents as per cash flows statement		8 210 616	9 766 600	9 479 536

20. LOANS AND CREDIT FACILITIES

The increase in the balance of loans and credit facilities by an amount of L.E 32 209 103 K mainly resulted from company's acquisition of loans and credit facilities with local and foreign currencies during the period amounted to L.E. 21 623 237 K, in addition to the currency differences resulting from translation of loans and credit facilities balances in foreign currency amounted to L.E 10 585 866 K where loans and credit facilities with local and foreign currencies on September 30, 2024 amounted to L.E. 81 525 288 K (against LE 49 316 185 K at December 31, 2023) with an amount of L.E. 47 239 070 K due within a year.

21. CREDITORS AND OTHER CREDIT BALANCES

	30/9/2024	31/12/2023
	L.E. (000)	L.E. (000)
Suppliers	6 203 995	4 984 385
Tax Authority (taxes other than income tax)	1 422 897	2 129 433
Deposits from others	952 917	793 602
Assets creditors	24 037 317	19 985 163
Accrued interest	990 753	422 217
Accrued expenses	1 211 720	909 520
Public Authority for Social Insurance	84 063	77 746
Trade receivables - credit balances	1 333 560	1 194 337
Credit balances- organizations and companies	859 476	477 836
Contract liabilities	9 628 415	4 452 759
National Telecommunication Regulatory Authority (NTRA)	3 061 643	2 486 418
Other credit balances	1 802 409	1 192 870
	51 589 165	39 106 286
Balances due within more than one year:		
Assets creditors	12 818 550	9 975 035
Contract liabilities	5 755 498	3 592 677
Non current creditors and other credit balances	18 574 048	13 567 712
Current creditors and other credit balances	33 015 117	25 538 574
Total creditors and other credit balances	51 589 165	39 106 286

Creditors and other credit balances have increased by an amount of L.E. 12 482 879 K mainly due to the increase in Asset creditors item by an amount of L.E 4 052 154 K, Suppliers item by an amount of L.E. 1 219 610 K and Contract liabilities item by an amount of L.E. 5 175 656 K, and National telecommunication regulatory authority (NTRA) item by an amount of L.E. 575 225 K, and credit balances – organizations and companies item by an amount of L.E. 381 640 K and accrued expenses item by an amount of L.E. 302 200 K.

22. PROVISIONS

	30/9/2024	31/12/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Balance at the beginning of the period / year	699 273	763 973
Charged to statement of income for the period / year	3 379	83 344
Provision used during the period / year	(415 661)	(148 044)
Balance at the end of the period / year	<u>286 991</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

	30/9/2024	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

	For the nine months ended:	
	30/9/2024	30/9/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Current income tax	(1 644 795)	(643 570)
Deferred tax	2 105 143	144 604
	<u>460 348</u>	<u>(498 966)</u>

25-2 Items recognized in statement of comprehensive income

	For the nine months ended:	
	30/9/2024	30/9/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Income tax	418 083	39 620
Deferred tax	2 443 759	757 524
	<u>2 861 842</u>	<u>797 144</u>

25-3 Recognized deferred tax assets and liabilities.

	30/9/2024		31/12/2023	
	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)	7 144 100	(2 034 176)	2 806 502	(2 245 480)
Net deferred tax assets	5 109 924	-	561 022	-
Deferred tax charged to the statement of income for the period / year	2 105 143		537 632	
Deferred tax charged to the statement of comprehensive income for the period / year	2 443 759		659 944	

25-4 Unrecognized deferred tax assets

	30/9/2024	31/12/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
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

	30/9/2024	31/12/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Tax Authority - income tax	(564 724)	-
Less:		
Advanced payments	937 393	543 957
Withholding tax	233 507	218 147
	<u>606 176</u>	<u>762 104</u>

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 September 30, 2024, amounted to L.E. 2 031 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 September 30, 2024:

	30/9/2024	31/12/2023
	<u>LE (000)</u>	<u>LE (000)</u>
- Letters of guarantee issued by banks on behalf of the company	3 378 112	2 877 711
- Letters of credit	2 031 941	1 543 882

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

Notes to the Condensed Separate Interim Financial Statements
For The Nine Months Ended September 30, 2024 (continued)

Translation from Arabic

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 due:

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 30/9/2024	Balance as of 31/12/2023 Restated
	L.E. 000	Debit L.E. 000	Credit L.E. 000	(Credit) / Debit L.E. 000
Debit balances due from subsidiaries				
- Egyptian Telecommunication Company for Information Systems	783,105	813,542	1,282,433	(1,393,334)
- Egyptian Telecommunication Company for Information Systems	77,336	3,025,903	2,302,370	2,761,448
- Egyptian Telecommunication Company for Information Systems		3,839,445	3,584,803	1,368,114
		-	25,619	25,619
	3,211	3,533	2,618	915
	42,000	217,611	2,152	215,459
	14	14	-	14
		217,625	2,152	215,473
		4,060,603	3,589,573	1,584,502
				1,139,091
Credit balances due to subsidiaries and associates				
- WE Data	253,434	11,250,652	24,540,343	(14,619,276)
- WE Data**	10,409,675	22,468,604	9,837,682	7,761,790
- WE Data	1,863,474	2,535,526	1,531,005	4,073,993
		36,254,782	35,909,090	(3,182,493)
	6,757	4,790	7,967	(6,601)
	1,997,038	1,845,249	2,806,558	(961,309)
	108,995	231,049	233,415	(73,366)
	19	19	-	13
		231,068	233,415	(73,353)
	113,211	182,394	187,155	(13,218)
	9,729	14,692	13,761	5,716
		197,086	200,916	(7,502)
		41,000	55,317	(14,631)
	13,316	69,728	152,478	(228,087)
	65,524			(145,337)
	8	8	-	-
	-	-	-	(2,671)
	-	8	978	978
				(1,693)
	15,916	146,956	197,362	(141,905)
	6,198	11,307	12,157	(8,802)
	9,353	25,258	-	50,765
	-	-	-	7,699
	-	603,983	571,027	(785,328)
	-	787,504	780,546	(895,877)
	3,992,789			(902,829)
	4,056,245	15,131,761	15,387,419	(1,339,430)
				(1,083,772)
		54,562,976	55,533,706	(6,710,962)
				(5,740,232)

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

**Restatement was made to some of comparative figures as shown in note no (30)

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 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.

*Notes to the Condensed Separate Interim Financial Statements
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Translation from Arabic

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:

	Before applying the accounting treatment	The impact of applying the accounting treatment	After applying the accounting treatment
<u>Item</u>	Debit / (Credit)	Debit / (Credit)	Debit / (Credit)
	<u>L.E(000)</u>	<u>L.E(000)</u>	<u>L.E(000)</u>
	<u>30/9/2024</u>		<u>30/9/2024</u>
<u>1-Statement of financial position</u>			
Fixed assets and projects under construction	87 303 192	5 523 013	92 826 205
Intangible assets (licenses and frequencies)	18 365 471	1 531 906	19 897 377
Usufruct assets	7 082 024	322 610	7 404 634
Deferred tax assets	799 365	4 310 559	5 109 924
Retained earnings	(17 829 694)	9 857 454	(7 972 240)
<u>2- Statement of income</u>			
Finance cost	29 645 657	(20 096 825)	9 548 832
Depreciations and amortizations	8 392 909	987 933	9 380 842
Income tax	(2 401 494)	2 861 842	460 348
Basic and diluted (loss) earnings per share	(9.61)	13.06	3.45
<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

31- Comparative figures

- On September 2016, Telecom Egypt announced changing the company's brand to We as part of the company's endeavor to integrate its services provided. To customers in line with their requirements and the technology they depend on.

Accordingly, Telecom Egypt and the Egyptian Data Transfer Company agreed to use the Telecom Egypt trademark in contracting for services. Communications with customers since October 2017, and using one contract with trademarks owned by Telecom Egypt to contract all telecommunications services in All points of sale owned by both parties in order to achieve comprehensiveness in providing communications services provided to customers from both parties using the brand as a result of that Telecom Egypt changed the brand of its subsidiary, the Egyptian Company for Data Transfer, from TE DATA to WE DATA In line with the company's policy of transforming into an integrated telecommunications operator.

On October 2024, a trademark licensing contract was signed between the Egyptian Telecom Company and the Egyptian Data Transfer Company WE DATA. according to this contract, Telecom Egypt granted to the Egyptian Data Transfer Company A non-exclusive license to use its trademark starting from. October 2017 and ends in December 2026

- As a result of that restatement was made to some of the comparative figures of the condensed separate interim statement of financial position and statement of income to reflect the financial impact in the previous periods to the current presentation of the condensed separate interim financial statements.

-The following is the effect of reclassification on the condensed separate interim financial statements:

31-1 statement of financial position

	1/1/2023 as previously reported	Restatements	1/1/2023 Restated
	Debit / (Credit)	Debit / (Credit)	Debit / (Credit)
	LE(000)	LE(000)	LE(000)
Retained earnings	(13 024 149)	(1 823 395)	(14 847 544)
Credit balances due to subsidiaries and associates	(6 771 714)	1 823 395	(4 948 319)
	31/12/2023 as previously reported	Restatements	31/12/2023 Restated
	Debit / (Credit)	Debit / (Credit)	Debit / (Credit)
	LE(000)	LE(000)	LE(000)
Retained earnings	(13 349 113)	(2 422 876)	(15 771 989)
Credit balances due to subsidiaries and associates	(8 163 108)	2 422 876	(5 740 232)

31-2 statement of income

	For the nine months ended		For the nine months ended		For the three months ended		For the three months ended
	30/9/2023	Restatement	30/9/2023	30/9/2023	Restatement	30/9/2023	30/9/2023
	as previously reported		Restated	as previously reported		Restated	
	debit / (credit)	debit / (credit)	debit / (credit)	debit / (credit)	debit / (credit)	debit / (credit)	debit / (credit)
	LE(000)	LE(000)	LE(000)	LE(000)	LE(000)	LE(000)	LE(000)
Other Revenues	1 246 616	471 601	1 718 217	437 056	163 120	600 176	
Selling and distribution expenses	(2 644 248)	(27 514)	(2 671 762)	(877 917)	(9 507)	(887 424)	
Net profit for the period	6 141 520	444 087	6 585 607	416 837	153 613	570 450	
Basic and diluted earnings per share	3.60	.26	3.86	.24	.09	.33	

32- SUBSEQUENT EVENTS

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