

Telecom Egypt Company
(An Egyptian Joint Stock Company)
Condensed Separate Interim Financial Statements
For The Three Months Ended March 31, 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 March 31, 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 March 31, 2024;
- The condensed interim separate statements of income for the three months periods ended March 31, 2024;
- The condensed interim separate statements of comprehensive income for the three months periods ended March 31, 2024;
- The condensed interim separate statements of changes in equity for three months periods ended March 31, 2024;
- The condensed interim separate statements of cash flows for three months periods ended March 31, 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 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

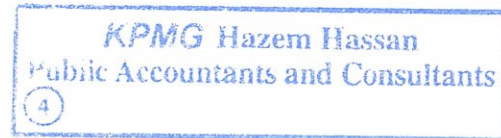
Translation from Arabic

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying March 31, 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, May 30, 2024



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

	Note No.	31/3/2024 L.E. (000)	31/12/2023 L.E. (000)
Assets			
<u>Non Current Assets</u>			
Fixed assets and projects under construction	(11)	84 516 742	76 244 954
Intangible assets (licenses and frequencies)		20 722 358	14 964 829
Usufruct assets	(12)	6 927 733	6 474 753
Right of use assets (lease contracts)	(13-1)	803 082	752 388
Investments in subsidiaries and associates	(14)	6 645 875	6 645 875
Financial assets at FVOCI		83 442	83 442
Deferred tax assets	(24-3)	5 178 589	561 022
Total Non Current Assets		124 877 821	105 727 263
<u>Current Assets</u>			
Inventories	(15)	4 367 417	3 623 500
Trade and notes receivables	(16)	12 185 587	7 752 132
Current income tax	(24-3)	575 707	762 104
Debtors and other debit balances	(17)	9 787 891	5 081 497
Debit balances with subsidiaries and associates	(28-1)	2 432 905	1 139 091
Cash and cash equivalents	(18)	9 259 470	10 272 954
Total Current Assets		38 608 977	28 631 278
Total Assets		163 486 798	134 358 541
<u>Equity</u>			
Capital	(22)	17 070 716	17 070 716
Reserves	(23)	6 052 339	5 733 122
Retained earnings		4 050 838	13 349 113
Total Equity		27 173 893	36 152 951
<u>Non Current Liabilities</u>			
Long term loans and credit facilities	(19)	28 081 030	19 725 744
Lease obligations	(13-2)	778 800	745 718
Creditors and other credit balances	(20)	11 461 871	10 028 870
Total Non Current Liabilities		40 321 701	30 500 332
<u>Current Liabilities</u>			
Short term Loans and credit facilities	(19)	44 393 867	29 590 441
Lease obligations	(13-2)	212 157	175 020
Creditors and other credit balances	(20)	41 729 257	29 077 416
Credit balances to subsidiaries	(28-1)	9 290 985	8 163 108
Provisions	(21)	364 938	699 273
Total Current Liabilities		95 991 204	67 705 258
Total Liabilities		136 312 905	98 205 590
Total Equity and Liabilities		163 486 798	134 358 541

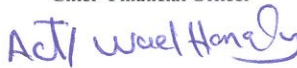
The accompanying notes on pages (6) to (25) are an integral part of these Condensed Separate Interim Financial Statements.

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

		<u>For the three months ended :</u>	
	Note	31/3/2024	31/3/2023
	<u>No.</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>
Operating revenues	(3)	12 592 071	10 757 681
Operating costs	(4)	(8 706 234)	(6 437 461)
Gross Profit		3 885 837	4 320 220
Other income		483 367	326 844
Selling and distributing expenses	(5)	(1 062 359)	(817 404)
General and administrative expenses	(6)	(1 387 845)	(989 133)
Expected credit loss		(274 569)	(98 987)
Other expenses		(107 191)	(47 947)
Operating profit		1 537 240	2 693 593
Finance income		530 780	199 916
Finance cost		(2 078 782)	(982 659)
Net finance cost	(7)	(1 548 002)	(782 743)
Income from investments in subsidiaries	(8)	3 141 460	322 987
Net profit for the period before income tax		3 130 698	2 233 837
Income tax	(24-1)	1 254 667	227 610
Net profit for the period after income tax		4 385 365	2 461 447
Basic and diluted earning per share for the period (L.E. / Share)	(10)	2.57	1.44

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

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

	Note <u>No.</u>	<u>For the three months ended :</u>	
		31/3/2024	31/3/2023
		<u>L.E.(000)</u>	<u>L.E.(000)</u>
Net profit for the period after income tax		4 385 365	2 461 447
<u>Other Comprehensive Income Items:</u>			
Translation differences of foreign currency balances		(12 719 296)	(3 843 966)
Income tax on translation differences of foreign currency balances	(24-2)	2 861 842	864 892
		<u>(9 857 454)</u>	<u>(2 979 074)</u>
Transferred to retained earnings during the period	(31-2)	9 857 454	2 979 074
		<u>-</u>	<u>-</u>
Total Comprehensive Income		<u>4 385 365</u>	<u>2 461 447</u>

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

Telecom Egypt Company
(An Egyptian Joint Stock Company)
Condensed Separate Interim Statement of Changes In Equity
For the Three Months Ended March 31, 2024

	Note	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		17 070 716	2 571 623	2 787 550	13 024 149	35 454 038
<u>Comprehensive income</u>						
Net profit for the period		-	-	-	2 461 447	2 461 447
Total comprehensive income		-	-	-	2 461 447	2 461 447
Impact of Translation differences of foreign currency balances		-	-	-	(2 979 074)	(2 979 074)
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 March 31, 2023		17 070 716	2 938 918	2 787 550	9 198 881	31 996 065
Balance as of January 1, 2024		17 070 716	2 938 918	2 794 204	13 349 113	36 152 951
<u>Comprehensive income</u>						
Net profit for the period		-	-	-	4 385 365	4 385 365
Total comprehensive income		-	-	-	4 385 365	4 385 365
Impact of translation differences of foreign currencies balances (31-2)		-	-	-	(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 March 31, 2024		17 070 716	3 258 135	2 794 204	4 050 838	27 173 893

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

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

		For the three months ended:	
	Note	31/3/2024	31/3/2023
	No.	L.E.(000)	L.E.(000)
<u>Cash flows from operating activities :</u>			
Cash receipts from customers and notes receivable		10 338 990	9 385 070
Cash receipts from related party		5 262 863	2 267 619
Stamp tax and fees collected (from third party)		2 928	45 057
Deposits collected from customers		13 886	21 900
Cash paid to suppliers		(2 111 315)	(1 936 017)
Cash paid for NTRA license fees		(493 019)	(279 520)
Cash paid to Board of Directors		(18 550)	(15 250)
Cash paid to employees		(2 024 893)	(1 746 540)
Cash paid on behalf of employees to third party		(321 602)	(263 540)
Payments to Tax Authority - taxes other than income tax		(2 063 275)	(714 162)
Other proceeds/ (payments)		1 223 776	(405 895)
Cash provided by operating activities		9 809 789	6 358 722
Interest paid		(1 738 117)	(830 600)
Payments to Tax Authority - Income tax		-	(16 357)
Net cash provided by operating activities		8 071 672	5 511 765
<u>Cash flows from investing activities :</u>			
Payments for purchase of fixed assets and projects under construction		(8 371 489)	(3 892 193)
Payments for purchase of intangible assets		(6 464 027)	(2 082 377)
Interest received		111 111	80 640
Proceeds from financial assets at amortized cost - treasury bills income		54 540	77 235
Net cash used in investing activities		(14 669 865)	(5 816 695)
<u>Cash flows from financing activities :</u>			
Payments of loans		(909 581)	(943 220)
Net proceeds of credit facilities		6 314 112	6 566 357
Payments of lease obligations		(62 058)	(39 199)
Net cash provided by financing activities		5 342 473	5 583 938
Net change in cash and cash equivalents during the period		(1 255 720)	5 279 008
Cash and cash equivalents at the beginning of the period	(18)	9 766 600	6 115 484
Cash and cash equivalents at the end of the period	(18)	8 510 880	11 394 492

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

Telecom Egypt Company
(An Egyptian Joint Stock Company)

Notes to the Condensed Separate Interim Financial Statements
For The Three Months Ended March 31, 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 May 29, 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 March 31, 2024 have been prepared in accordance with Egyptian Accounting Standard No.30 "Interim Financial Reporting" accordingly it is condensed comparative view to the annual separate financial statements for the company, and in the light of applicable Egyptian laws and regulations related to.
- These Condensed Separate Interim Financial Statements don't include all the required information needed for preparing the full annual financial statements and must be read with the separate annual financial statements as of December 31, 2023.
- The company's management also applied the special accounting treatment to deal with the effects of the liberalization of exchange 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. (31-2).

2-2 Basis of measurement

- These Condensed Separate Interim Financial Statements have been prepared under the historical cost basis, except for :
 - Financial assets and liabilities that are recorded at fair value through profit or loss.
 - Financial assets and liabilities that are recorded at fair value through other comprehensive income.
 - Financial assets and liabilities that are recorded at amortized cost.
- 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.

3. OPERATING REVENUES

	For the three months ended:	
	31/3/2024	31/3/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Home and personal communications	2 187 343	1 689 719
Enterprise	936 863	716 491
Domestic wholesale	4 449 598	4 845 130
International carriers	2 625 964	1 860 621
International cables and networks	2 392 303	1 645 720
	<u>12 592 071</u>	<u>10 757 681</u>

Total operating revenues have increased by an amount of L.E. 1 834 390 K due to the increase in international cables and networks revenues by an amount of L.E. 765 343 K in addition to the increase in international carriers revenues by an amount of L.E. 589 399 K and home and personal communications revenues by an amount of L.E. 497 624 K due to the increase in revenues resulting from fixed line and rendering mobile phone service, however the decrease in domestic wholesale revenues by an amount of L.E. 395 532 K led to the limitation of this increase.

4. OPERATING COSTS

	For the nine months ended :	
	31/3/2024	31/3/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Call cost	2 596 271	1 939 623
Depreciation and amortization	2 908 427	2 002 007
Salaries and wages	934 005	740 229
Company's social insurance contribution	91 084	75 452
Frequencies and licenses charges (NTRA)	646 709	537 225
Other operating cost	1 529 738	1 142 925
	<u>8 706 234</u>	<u>6 437 461</u>

Operating costs have increased by an amount of L.E. 2 268 773 K mainly due to the following: -

- The increase in Call cost by an amount of L.E. 656 648 K which is mainly due to the increase in cost of international fees by an amount of L.E. 270 704 K.
- The increase in the depreciation and amortization by an amount of L.E. 906 420 K due to the additions of the first quarter of the previous year and the current period.
- The increase in the other operating cost by an amount of L.E. 386 813 K which is mainly due to the increase in organizations services costs item by an amount of L.E. 75 159 K and Spare parts item by an amount of L.E. 61 646 K.

5. SELLING AND DISTRIBUTING EXPENSES

	For the three months ended :	
	31/3/2024	31/3/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Salaries and wages	448 675	346 841
Company's social insurance contribution	39 550	35 011
Advertising and marketing	147 194	111 501
Organizations services costs	221 964	167 446
Agents' commissions and collection organizations	154 313	120 673
Depreciation & Amortization	8 846	8 944
Other selling and distribution expenses	41 817	26 988
	<u>1 062 359</u>	<u>817 404</u>

The increase in selling and distribution expenses by an amount of L.E 244 955 K mainly due to the increase in salaries and wages item by an amount of L.E 101 834 K mainly due to the annual increases during the period and advertising and marketing item by an amount of L.E 35 693 K and organizations services costs item by an amount of L.E 54 518 K.

6. GENERAL AND ADMINISTRATIVE EXPENSES

	Note No.	For the three months ended :	
		31/3/2024	31/3/2023
		<u>L.E. (000)</u>	<u>L.E. (000)</u>
Salaries and wages		825 934	590 883
Company's social insurance contribution		61 515	49 221
The company's contribution in loyalty and belonging fund	(9)	65 000	50 000
Depreciation & Amortization		19 359	15 758
Tax and duties		121 401	48 458
Organizations services costs and consultants		168 785	140 881
Other general and administrative expenses		125 851	93 932
		<u>1 387 845</u>	<u>989 133</u>

The increase in general and administrative expenses by an amount of L.E 398 712 K mainly due to the increase of salaries, wages item by an amount of L.E 235 051 K mainly due to the annual increases during the period and Tax and duties item by an amount of L.E 72 943 K.

7. NET FINANCE COST

The increase in net finance cost by an amount of L.E 765 259 K during the period is mainly due to the increase in the debit interest by an amount of L.E. 1 084 846 K however net gain of foreign currencies during the period led to the limitation of this increase.

8. INCOME FROM INVESTMENT IN SUBSIDIARIES

	<u>For the three months ended :</u>	
	<u>31/3/2024</u>	<u>31/3/2023</u>
	<u>L.E. (000)</u>	<u>L.E. (000)</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>3 141 460</u>	<u>322 987</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.

9. EMPLOYEE'S BENEFITS

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

- The employees are granted an end of service benefits through a Loyalty & belonging Fund established in January 2004. Employees' benefit is based on the employees' basic salary in January 1, 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, 2023, approved the amendment of the subscription fee for disbursing benefits and collecting contributions to be the basic wage on 1/1/2021, provided that this amendment takes effect from 1/1/2024 after the issuance of the General Assembly's decision financial control of the proposed amendments to the Fund's Articles of Association, according to the approval of the Extraordinary General Assembly, which has not been issued to date.
- The employees share in loyalty & belonging fund according to constant subscription are based on the same employees' basic salary where the end of service benefit calculated. The company's share represents annual defined contribution and the company had contributed by an amount of L.E 65 M for the period ended in March 31, 2024 (against an amount of L.E. 50 M for the same period of 2023).

10. BASIC AND DILUTED EARNING PER SHARE.

	<u>For the three months ended :</u>	
	<u>31/3/2024</u>	<u>31/3/2023</u>
Net profit for the period (LE in thousand)	4 385 365	2 461 447
Weighted average for number of shares available during the period (share)	1707 071 600	1707 071 600
Basic and diluted earnings per share for the period (LE / share)	<u>2.57</u>	<u>1.44</u>

11. FIXED ASSETS AND PROJECTS UNDER CONSTRUCTION

Description	31/3/2024 Cost	31/3/2023 Cost	31/3/2024 Accumulated depreciation	31/3/2023 Accumulated depreciation	31/3/2024 Net	31/3/2023 Net	31/12/2023 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>Reclassified</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	55 077 329	46 881 984	23 196 823	20 809 650	31 880 506	26 072 334	30 452 319
Centrals & information technologies equipment	50 984 547	40 220 061	21 036 974	18 022 444	29 947 573	22 197 617	26 192 783
Vehicles	299 271	284 869	143 206	120 710	156 065	164 159	163 098
Furniture	576 697	534 328	421 476	382 628	155 221	151 700	165 282
Tools & supplies	270 067	266 625	195 325	178 866	74 742	87 759	78 966
Projects under construction	19 905 079	8 628 718	-	-	19 905 079	8 628 718	16 806 132
Total	129 510 546	99 202 959	44 993 804	39 514 298	84 516 742	59 688 661	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. 5 150 348 K, however the depreciation of the period by an amount of L.E. 2 393 376 K led to the limitation of this increase.
- The cost of fixed assets as of March 31, 2024 includes an amount of L.E. 12 600 Million fully depreciated fixed assets and still in use.(against an amount of L.E. 11 851 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. 2 797 Million 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).

12. USUFRUCT ASSETS

	31/3/2024 <u>L.E. (000)</u>	31/12/2023 <u>L.E. (000)</u>
Cost		
Usufruct (projects)	2 147 211	2 051 260
Submarine cables (rights of way)	3 814 486	2 763 021
Right of way (local)	758 732	758 732
Land (possession-usufruct)	440 684	440 684
Projects under construction	1 417 943	2 014 493
	8 579 056	8 028 190
Less:		
Accumulated amortization	1 651 323	1 553 437
Net carrying amount of usufruct assets	6 927 733	6 474 753

- The increase in net carrying value of usufruct assets mainly due to the increase in submarine cables and projects under construction by an amount of L.E 1 147 416 K.
- Usufruct assets cost includes at March 31, 2024 an amount of L.E 195 Million (against an amount of L.E. 213 Million for the same period of 2023) usufruct assets fully amortized and still in use in operating.
- The usufruct assets include an amount of L.E 322 610 K, (against an amount of L.E. 71 364 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).

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

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

	31/3/2024	31/12/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Cost of beginning balance	1 393 667	1 167 142
Additions	101 687	226 525
Cost of ending balance	<u>1 495 354</u>	<u>1 393 667</u>
Accumulated amortization beginning balance	641 279	468 498
Amortization for the period	50 993	172 781
Accumulated amortization Ending balance	<u>692 272</u>	<u>641 279</u>
Net carrying amount for right of use assets	<u>803 082</u>	<u>752 388</u>

	31/3/2024	31/3/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
<u>Amortization expense is distributed as follows:</u>		
Operating Costs	32 459	24 870
Selling and distributing expenses	6 661	6 589
General and administrative expenses	11 873	7 296
	<u>50 993</u>	<u>38 755</u>

13-2. Lease Obligations

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

	31/3/2024	31/12/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Beginning balance of Present value for lease obligations	920 738	855 320
Additions	101 687	226 525
Payments	(62 058)	(263 905)
interest	30 590	102 798
Net present value for lease obligations resulting from right of use	<u>990 957</u>	<u>920 738</u>
<u>Less:</u>		
Current Lease obligations	212 157	175 020
Non Current Lease obligations	<u>778 800</u>	<u>745 718</u>

14. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

	31/3/2024		31/12/2023	
	Ownership	Amount	Ownership	Amount
	%	L.E. (000)	%	L.E. (000)
14-1 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
14-2 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 March 31, 2024 is 51%.

15. INVENTORIES

	31/3/2024	31/12/2023
	L.E. (000)	L.E. (000)
Spare parts	1 103 426	1 023 898
Material supplies, Merchandise for sale	3 225 125	2 574 972
Others	38 866	24 630
	4 367 417	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.

16. TRADE AND NOTE RECEIVABLES

	31/3/2024	31/12/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Trade Receivables - Local	5 213 732	3 524 277
Trade Receivables - International	9 633 705	6 612 802
	<u>14 847 437</u>	<u>10 137 079</u>
Less:		
Expected credit loss provision	2 839 741	2 565 172
Add:		
Notes receivable	177 891	180 225
	<u>12 185 587</u>	<u>7 752 132</u>

Trade and note receivables balance has increased by an amount of L.E 4 433 455 K mainly due to the increase in domestic wholesale by an amount of L.E 1 366 722 K , international cables and networks by an amount of L.E 2 294 930 K and international carriers by an amount of L.E 725 973 K.

17. DEBTORS AND OTHER DEBIT BALANCES

	31/3/2024	31/12/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Suppliers – advance payments	1 335 819	461 665
Deposites with others	304 980	303 012
Accrued revenues	2 852 639	30 598
Tax Authority - value added tax	1 958 820	1 223 157
Due from external collection agencies	199 977	155 631
Due from ministries, organizations and companies	2 077 179	1 377 556
Temporary debts due from employees	272 922	927 812
Other debit balances*	876 409	692 920
	<u>9 878 745</u>	<u>5 172 351</u>
Less:		
Expected credit loss provision	90 854	90 854
	<u>9 787 891</u>	<u>5 081 497</u>

- Debtors and other debit net balances have increased by an amount of L.E. 4 706 394 K mainly due to the increase in accrued revenues item by an amount of L.E. 2 822 041 K, Suppliers – advance payments by an amount of L.E 874 154 K and due from ministries, organizations and companies item by an amount of L.E. 699 623 K and the item of the Tax Authority – value added tax by an amount of L.E. 735 663 K, however the decrease in temporary debts due from employees item by an amount of L.E. 654 890 K led to the limitation of this increase.

18. CASH AND CASH EQUIVALENTS

	Note	31/3/2024	31/12/2023	31/3/2023
	No.	L.E. (000)	L.E. (000)	L.E. (000)
Banks - time deposits (less than 3 months)		2 291 363	8 274 182	4 217 203
Banks - current accounts		5 453 035	1 997 056	4 717 034
Cash on hand		9 211	1 716	6 906
Financial assets at amortized cost - Treasury bills (less than 3 months)		1 505 861	-	2 509 367
Cash and cash equivalents		9 259 470	10 272 954	11 450 510
Less:				
Restricted cash and cash equivalents	(26)	748 590	506 354	56 018
Cash and cash equivalents as per cash flows statement		8 510 880	9 766 600	11 394 492

19. LOANS AND CREDIT FACILITIES

The increase in the balance of loans and credit facilities by an amount of L.E 23 158 712 K mainly resulted from credit facilities with local and foreign currencies during the period amounted to L.E. 12 985 572 K, in addition to the currency differences resulting from translation of foreign loans and facilities amounted to L.E 9 849 917 K where loans and credit facilities with local and foreign currencies on March 31, 2024 amounted to L.E. 72 474 897 K (against LE 49 316 185 K at December 31, 2023) with an amount of L.E. 44 393 867 K due within a year.

20. CREDITORS AND OTHER CREDIT BALANCES

	31/3/2024	31/12/2023
	L.E. (000)	L.E. (000)
Suppliers	5 653 927	4 984 385
Tax Authority (taxes other than income tax)	2 343 240	2 129 433
Deposits from others	833 426	793 602
Assets creditors	24 366 808	19 985 163
Dividends creditors	2 560 608	-
Accrued interest	634 904	422 217
Accrued expenses	1 634 360	1 209 061
Public Authority for Social Insurance	90 664	77 746
Trade receivables - credit balances	5 707 131	4 733 179
Credit balances- organizations and companies	592 041	477 836
Contract liabilities	4 448 404	913 917
National Telecommunication Regulatory Authority (NTRA)	3 412 577	2 486 418
Other credit balances	913 038	893 329
	53 191 128	39 106 286
Balances due within more than one year:		
Assets creditors	11 242 237	9 975 035
Contract liabilities	219 634	53 835
Non current creditors and other credit balances	11 461 871	10 028 870
Current creditors and other credit balances	41 729 257	29 077 416
Total creditors and other credit balances	53 191 128	39 106 286

Creditors and other credit balances have increased by an amount of L.E. 14 084 842 K mainly due to the increase in Asset creditors item by an amount of L.E 4 381 645 K, Contract liabilities item by an amount of L.E. 3 534 487 K, Dividends creditors item by an amount of L.E 2 560 608 K, and National telecommunication regulatory authority (NTRA) item by an amount of L.E. 926 159 K.

21. PROVISIONS

	31/3/2024	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	(337 714)	(148 044)
Balance at the end of the period / year	<u>364 938</u>	<u>699 273</u>

22. CAPITAL

- The company's issued and fully paid-up capital is L.E. 17 070 716 K, represented in 1 707 071 600 shares at a par value of 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.

23. RESERVES

	31/3/2024	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.

24. Income tax

24-1 Items recognized in statement of income

	For the three months ended:	
	31/03/2024	31/12/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Current income tax	(501 058)	(277 006)
Deferred tax	1 755 725	504 616
	<u>1 254 667</u>	<u>227 610</u>

24-2 Items recognized in statement of comprehensive income

	For the three months ended:	
	31/03/2024	31/12/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Income tax	-	38 894
Deferred tax	2 861 842	825 998
	<u>2 861 842</u>	<u>864 892</u>

24-3 Recognized deferred tax assets and liabilities.

	<u>31/3/2024</u>		<u>31/12/2023</u>	
	Assets	Liabilities	Assets	Liabilities
	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>
Total deferred tax asset / (liability)	7 196 184	(2 017 595)	2 806 502	(2 245 480)
Net deferred tax assets	5 178 589	-	561 022	-
Deferred tax charged to the statement of income for the period / year	1 755 725		537 632	
Deferred tax charged to the statement of comprehensive income for the period / year	2 861 842		659 944	

24-3 Unrecognized deferred tax assets

	<u>31/3/2024</u>	<u>31/12/2023</u>
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Unrecognized deferred tax assets	604 167	525 348

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

24-4 Current income tax

	<u>31/3/2024</u>	<u>31/12/2023</u>
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Tax Authority - income tax	(186 442)	-
Less:		
Advanced payments	543 957	543 957
Tax Authority - withholding tax	218 192	218 147
	<u>575 707</u>	<u>762 104</u>

25. CAPITAL COMMITMENTS

The company's capital commitments for the unexecuted parts of contracts until March 31, 2024, amounted to L.E. 2 438 million (against L.E. 1 544 million at the year ended December 31, 2023).

26. 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 March 31, 2024:

	<u>31/3/2024</u>	<u>31/12/2023</u>
	<u>LE (000)</u>	<u>LE (000)</u>
- Letters of guarantee issued by banks on behalf of the company	3 446 020	2 877 711
- Letters of credit	2 438 750	1 543 882

*Letters of guarantee which were issued by banks on behalf of the company and for others on March 31, 2024 including letters of guarantee issued in exchange for a cash cover (restricted cash and equivalent) (Note No.18)

27. TAX POSITION

27-1 Corporate tax

- Tax inspection was performed for the years till December 31, 2018 and all due taxes and fines were settled for those years.
- Tax inspection for the years from January 1, 2019 until December 31, 2022 have not been done to date.
- Tax return are submitted according to the income tax law No. 206 of 2020, its amendments and its executive regulations, also the due taxes are paid on legal dates.

27- 2 Value Added Tax \ Sales Tax

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

27- 3 Salary & wages Tax

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

27- 4 Stamp Tax

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

27- 5 Real Estate Tax

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

*Notes to the Condensed Separate Interim Financial Statements
For The Three Months Ended March 31, 2024 (continued)*

Translation from Arabic

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:

28-1 Transactions with subsidiaries & associates

<u>Debit balances due from subsidiaries and associates</u>						
Egyptian Telecommunication Company for Information Systems	Services rendered from subsidiary company	21 100	901 995	430 502	(452 950)	(924 443)
Egyptian Telecommunication Company for Information Systems	Lease of subsidiary company premises, electricity claims, maintenance and leased circuits and sale of fixed assets	229 950	739 630	569 169	2 208 376	2 037 915
			1 641 625	999 671	1 755 426	1 113 472
Vodafone Egypt Telecommunications Company	Outgoing calls and voice services for associate company	1 051 852				
Vodafone Egypt Telecommunications Company	Incoming international calls, claims, transmissions, lease of locations and towers for the associate company	1 199 778	6 270 282	4 510 650	675 860	(1 083 772)
TE Globe	Participation circuits contract	3 505	12 921	10 988	1 619	(314)
			7 924 828	5 521 309	2 432 905	1 139 091
Total of debit balances due from subsidiaries						
<u>Credit balances due to subsidiaries</u>						
WE Data	Participation contract and Purchasing of fixed assets and services rendered from subsidiaries company	77 560	5 264 705	7 770 366	(3 835 246)	(1 329 585)
WE Data	Leased circuits and information transfer network rendered	3 351 003	5 876 991	5 152 091	(3 897 476)	(4 621 476)
			11 141 696	12 923 357	(7 732 722)	(5 951 061)
TE Data Jordan	Participation contract	34 082	12 975	17 719	(13 201)	(8 457)
TE Data Jordan	Leased international circuits	2 242	5 388	-	10 173	4 785
			18 363	17 719	(3 028)	(3 672)
Contra for Electronic Industries	Maintenance & supplying devices	2 237	1 645	3 916	(5 695)	(3 424)
Contra for Technologies	Maintenance & supplying devices	261 155	178 784	302 829	(98 426)	25 619
Middle East Radio Communication (MERC)	Leased of information circuits	1 353	1 526	1 526	-	-
TE Investment Holding	Rendered services from subsidiary company	37 361	50 435	53 502	(74 067)	(71 000)
TE Investment Holding	Leased sites for subsidiary company	6	6	-	-	(6)
			50 441	53 502	(74 067)	(71 006)
TE France	Participation contract	16 138	46 660	89 493	(188 170)	(145 337)
Egyptian International Submarine Cables Company (EISCC)	Leased sites for subsidiary company	4	4	-	4	-
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
			4	-	(1 689)	(1 693)
Mena Cable	Maintenance - Rendered services from subsidiary company	6 238	6 160	180 638	(316 383)	(141 905)
Mena Cable	Paid of expenses on behalf of parent company	1 717	2 058	2 204	(8 948)	(8 802)
Mena Cable	Maintenance - Rendered services to subsidiary company	2 286	17 130	-	42 637	25 507
Mena Cable	Capital increase	-	-	-	7 699	7 699
Mena Cable	Transfer of EISCC debt to the company	-	91 127	217 092	(912 193)	(785 328)
			116 475	400 834	(1 187 188)	(902 829)
			19 480 422	19 314 485	(9 290 985)	(8 163 108)

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

28-2 Transactions with the Egyptian government

The Egyptian government contributes 70% of the capital represented by the Ministry of Finance which results in existence of mutual services between the company and different governmental entities, including revenues, costs, and other expenses, transactions related to taxes, social insurance and customs.

28-3 Transactions with the Board of directors

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

29- SIGNIFICANT EVENTS

29-1 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.

29-2 New Editions and Amendments to Egyptian Accounting Standards:

On March 6, 2023, the Prime Minister's Decree No. (883) of 2023 was issued amending some provisions of the Egyptian Accounting Standards and on March 3, 2023, the Prime Minister's 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	Impact on the financial statements	Effective date
Egyptian Accounting Standard No. (10) amended 2023 "Fixed Assets, its Depreciation" and Egyptian Accounting Standard No. (23) Amended 2023 "Intangible Assets".	<p>1- These standards were reissued in 2023, allowing the use of revaluation model when subsequent measurement of fixed assets and intangible assets.</p> <p>- This resulted in amendment of the paragraphs related to the use of the revaluation model option in some of the applicable Egyptian Accounting Standards, which are as follows:</p> <ul style="list-style-type: none"> - Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors". - Egyptian Accounting Standard No. (24) "Income Taxes" - Egyptian Accounting Standard No. (30) "Interim Financial Reporting" - Egyptian Accounting Standard No. (31) "Impairment of Assets" - Egyptian Accounting Standard No. (49) "Leasing Contracts" <p>2- In accordance with the amendments made to the Egyptian Accounting Standard No. (35) amended 2023 "Agriculture", paragraphs (3), (6) and (37) of Egyptian Accounting Standard No. (10) "Fixed assets" have been amended, and paragraphs 22(a), 80(c) and 80(d) have been added to the same standard, in relation to agricultural produce harvested.</p> <p>- The Company is not required to disclose the quantitative information required under paragraph 28(f) of Egyptian Accounting Standard No. (5) for the current period, which is the period of the financial statements in which the Egyptian Accounting Standard No. (35) amended 2023 and Egyptian Accounting Standard No. (10) amended 2023 are applied for the first time in relation to agricultural produce harvested. However, the quantitative information required under paragraph 28(f) of Egyptian Accounting Standard No. (5) should be disclosed for each comparative period presented.</p> <p>- The company may elect to measure an agricultural produce harvested item at its fair value at the beginning of the earliest period presented in the financial statements for the period in which the company have been applied the above-mentioned amendments for the first time and to use that fair value as its deemed cost on that date. Any difference between the previous carrying amount and the fair value in the opening balance should be recognized by adding it to the revaluation surplus account in equity at the beginning of the earliest period presented.</p>	<p>The change doesn't have an impact on the financial statement of the Company.</p> <p>The change doesn't have an impact on the financial statement of the Company.</p>	<p>The amendments of adding the option to use the revaluation model are effective for financial periods starting on or after January 1, 2023, retroactively, cumulative impact of the preliminary applying of the revaluation model shall be added to the revaluation surplus account in equity, at the beginning of the financial period in which the company applies this model for the first time.</p> <p>These amendments are effective for annual financial periods on or after starting January 1, 2023, retrospectively, cumulative impact of the preliminary applying of the accounting treatment for agricultural produce harvested shall be added to the balance of retained earnings or losses at the beginning of the financial period in which the company applies this treatment for the first time.</p> <p>The amendments of adding the option to</p>

New or reissued standards	Summary of the most significant amendments	impact on the financial statements	Effective date
Egyptian Accounting Standard No. (34) amended 2023 "Investment property"	<ul style="list-style-type: none"> - This standard was reissued in 2023, allowing the use fair value model when subsequent measurement of investment property. - This resulted in amendment of some paragraphs related to the use of the fair value model option in some of the applicable Egyptian Accounting Standards, which are as follows: - Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" - Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors." - Egyptian Accounting Standard No. (13) "The Effects of Changes in Foreign Exchange Rates " - Egyptian Accounting Standard No. (24) "Income Taxes" - Egyptian Accounting Standard No. (30) "Interim Financial Reporting " - Egyptian Accounting Standard No. (31) "Impairment of Assets" - Egyptian Accounting Standard No. (32) "Non-Current Assets Held for Sale and Discontinued Operations" - Egyptian Accounting Standard No. (49) "Leasing Contracts " 	The company does not own this type of assets, accordingly this change dose not have on impact on the financial statements of the company on this standard	the implementation of special modification of using the fair value model are effective for financial periods starting <u>on or after January 1, 2023</u> retroactively, cumulative impact of the preliminary applying of the fair value model shall be added to the balance of retained earnings or losses at the beginning of the financial period in which the company applies this model for the first time.
Egyptian Accounting Standard No. (36) amended 2023 "Investment property"	<ul style="list-style-type: none"> -1 This standard was reissued in 2023, allowing the use of the revaluation model when subsequently measuring exploration and evaluation assets. -2 The company applies either the cost model or the revaluation model for exploration and evaluation assets, provided that the evaluation is carried out by experts specialized in evaluation and valuation among those registered in a register designated for that at the Ministry of Petroleum, and in the case of applying the revaluation model (either the model contained in the Egyptian Accounting Standard) 10) "Fixed assets and their depreciation" or the form contained in Egyptian Accounting Standard (23) "Intangible Assets") must be consistent with the classification of assets in accordance with Paragraph No. (15) of Egyptian Accounting Standard No. (36) amended 2023 	The company does not own this type of assets, accordingly this change dose not have on impact on the financial statements of the company on this standard	The amendments of adding the option to the implementation of special modification of using the fair value model are effective for financial periods starting <u>on or after January 1, 2023</u> retroactively, cumulative impact of the preliminary applying of the fair value model shall be added to the balance of retained earnings or losses at the beginning of the financial period in which the company applies this model for

New or reissued standards	Summary of the most significant amendments	impact on the financial statements	Effective date
Egyptian Accounting Standard No. (35) amended 2023 "Investment property"	This standard was reissued in 2023, where paragraphs (1-5), (8), (24), and (44) were amended and paragraphs (5A) -(5C) and (63) were added, with regard to accounting treatment. For fruitful plants, (and the Egyptian Accounting Standard (10) "Fixed Assets and their Depreciation" was amended accordingly).	The company does not own this type of assets; accordingly, this change does not have on impact on the financial statements of the company on this standard	The amendments of adding the option to the implementation of special modification of using the fair value model are effective for financial periods starting <u>on or after January 1, 2023</u> retroactively, cumulative impact of the preliminary applying of the fair value model shall be added to the balance of retained earnings or losses at the beginning of the financial period in which the company applies this model for
Egyptian Accounting Standard No. (50) "Insurance Contracts".	<ul style="list-style-type: none"> - This standard determines the principles of recognition of insurance contracts falling within the scope of this standard, and determines their measurement, presentation, and disclosure. The objective of the standard is to ensure that the company provides appropriate information that truthfully reflects those contracts. This information provides users of the financial statements with the basis for assessing the impact of insurance contracts on the company's financial position, financial performance, and cash flows. - 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). - The following Egyptian Accounting Standards have been amended to comply with the requirements of the application of Egyptian Accounting Standard No. (50) "Insurance Contracts", as follows: <ul style="list-style-type: none"> - Egyptian Accounting Standard No. (10) "Fixed Assets". - Egyptian Accounting Standard No. (23) "Intangible Assets". - Egyptian Accounting Standard No. (34) "Investment property". 	Management is currently evaluating the potential impacts statements from the application of the standards	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) shall be applied for an earlier period, the company should disclose that fact.

30- SIGNIFICANT ACCOUNTING POLICIES

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

31- SUBSEQUENT EVENTS

31-1 Obtaining a medium-term loan

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

31-2 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 more than 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” regarding the recognition of currency differences, an enterprise whose business results were affected by net profits or losses of currency differences as a result of moving the currency exchange rate. A foreign currency, whether the currency of its entry is the Egyptian pound or any other foreign currency, to recognize within the items of other comprehensive income with the net debit and credit currency differences realized during the period in addition to the differences resulting from the retranslation of the balances of items of monetary nature existing at the end of March 6, 2024 or at the end of the closing date of the financial statements for the fiscal period to apply this special accounting treatment using the exchange rate used on that date, deducted from it any currency translation differences that have been recognized as cost of assets in accordance with paragraph 6 of this Appendix. Considering that these differences were mainly caused by the unusual movements of the exchange rate.

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

The application of those treatments has affected the condensed 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>31/3/2024</u>		<u>31/3/2024</u>
<u>1-Statement of financial position</u>			
Fixed assets and projects under construction	78 993 729	5 523 013	84 516 742
Intangible assets (licenses and frequencies)	19 190 452	1 531 906	20 722 358
Usufruct assets	6 605 123	322 610	6 927 733
Deffered tax assets	763 267	4 415 322	5 187 589
Retained earnings	(13 908 292)	9 857 454	(4 050 838)
<u>2- Statement of income</u>			
Net Finance cost	(22 175 607)	20 096 825	(2 078 782)
Depreciations and amortizations	(2 595 453)	(341 179)	(2 936 632)
income tax	(1 607 175)	2 861 842	1 254 667
Basic and diluted earnings per share	(10.68)	13.25	2.57
Net (Loss) profit (L.E. / Share)			
<u>3-Statement of other comprehensive income</u>			
Translation differences of foreign currency balances	-	(12 719 296)	(12 719 296)
Deferred tax on translation differences of foreign currency balances	-	2 861 842	2 861 842