

**TELECOM EGYPT COMPANY  
AND ITS SUBSIDIARIES**

INTERIM CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION PREPARED  
IN ACCORDANCE WITH IFRS ACCOUNTING  
STANDARDS

FOR THE PERIOD ENDED JUNE 30, 2024

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## Report on Review of the Interim Condensed Consolidated Financial Information To the Shareholders of Telecom Egypt Company

### Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Telecom Egypt Company (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as at June 30, 2024, and the related interim consolidated statement of profit or loss and other comprehensive income for the three-month and six-month periods then ended, and the related interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the six-month period then ended, and explanatory notes.

Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### Scope of Review

Except as explained in the *Basis for Qualified Conclusion* section of our report, we conducted our review in accordance with International Standard on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”. A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International 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.

### Basis for Qualified Conclusion

#### *Investment in associate (Vodafone Egypt Telecommunications Company S.A.E.)*

As disclosed in Note 7 to the interim condensed consolidated financial information, the Group’s investment in Vodafone Egypt Telecommunications Company S.A.E. (the “Associate”) is carried at EGP 14,884,411 thousand on the interim consolidated statement of financial position as at December 31, 2023 and EGP 17,571,717 thousand as at June 30, 2024. The Group’s share of profit of the Associate of EGP 1,811,763 thousand and EGP 2,687,306 thousand is also included in the net profit or loss for the six-month periods ended June 30, 2023 and June 30, 2024, respectively, which was accounted for using the equity method in accordance with IAS 28 Investments in Associates and Joint Ventures. We were not granted access to the Associate, and accordingly, we were unable to perform any related review procedure. Consequently, we were not able to identify if any adjustments, related to the share of results of the associate were necessary to be made in the interim consolidated statement of comprehensive income and profit or loss and the related investment in associates included in the interim consolidated statement of financial position. Given the consolidated statement of comprehensive income and profit or loss included the share of profit from such associate therefore our review report for June 30, 2023 and audit report on the consolidated financial statements of the Group for the year ended December 31, 2023 was also modified in respect of this matter.

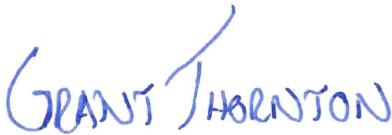
**Report on Review of the Interim Condensed Consolidated Financial Information  
To the Shareholders of Telecom Egypt Company (continued)**

**Qualified Conclusion**

Except for the adjustments to the interim condensed consolidated financial information that we might have become aware of had it not been for the matter described in the *Basis for Qualified Conclusion* section of our report, based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

**Other Matter**

The Group has also prepared interim condensed consolidated financial information as at and for the six-month period ended June 30, 2024 in accordance with Egyptian Accounting Standards, which was reviewed by another auditor who expressed a modified conclusion on the financial information on August 14, 2024 due to their inability to obtain reviewed or audited accounts of an investment in associate.



**GRANT THORNTON UAE**

**Dr. Osama El Bakry  
Registration No. 935  
Dubai, United Arab Emirates**





**February 12, 2025**



**Telecom Egypt Company and its subsidiaries**  
**Interim consolidated statement of financial position**  
**As at June 30, 2024**

(Amounts in thousands of Egyptian Pound)	Notes	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	5	81,679,655	72,740,380
Intangible assets	6	24,662,373	20,147,741
Investments in associates	7	17,624,209	14,938,030
Right-of-use-assets		967,531	766,704
Financial assets at FVOCI		83,442	83,442
Trade and other receivables	8	1,397,460	932,725
<b>Total non-current assets</b>		<b>126,414,670</b>	<b>109,609,022</b>
<b>Current assets</b>			
Trade and other receivables	8	26,282,665	15,818,435
Inventories		6,747,024	5,080,871
Current income tax		260,774	890,660
Cash and bank balances	10	7,367,581	10,977,982
<b>Total current assets</b>		<b>40,658,044</b>	<b>32,767,948</b>
<b>TOTAL ASSETS</b>		<b>167,072,714</b>	<b>142,376,970</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		17,070,716	17,070,716
Reserves		7,729,119	6,719,676
Retained (loss)/earnings		(689,318)	16,857,463
<b>Equity attributable to Owners of the Parent</b>		<b>24,110,517</b>	<b>40,647,855</b>
Non-controlling interests		14,022	16,439
<b>Total equity</b>		<b>24,124,539</b>	<b>40,664,294</b>
<b>Non-current liabilities</b>			
Loans and borrowings	12	33,991,082	19,725,744
Trade payables	13	11,499,320	9,975,035
Deferred income	14	4,896,495	3,918,587
Deferred tax liabilities		1,582,180	3,415,774
Lease liabilities		941,584	809,090
<b>Total non-current liabilities</b>		<b>52,910,661</b>	<b>37,844,230</b>
<b>Current Liabilities</b>			
Loans and borrowings	12	46,803,388	29,616,014
Trade and other payables	13	36,252,954	29,835,275
Deferred income	14	5,226,849	1,733,723
Provisions		1,097,100	1,426,365
Amount due to an associate	9	373,117	1,083,772
Lease liabilities		284,106	173,297
<b>Total current liabilities</b>		<b>90,037,514</b>	<b>63,868,446</b>
<b>Total liabilities</b>		<b>142,948,175</b>	<b>101,712,676</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>167,072,714</b>	<b>142,376,970</b>

The attached notes on pages from 7 to 17 from an integral part of this interim condensed consolidated financial information.

		
Ehab Abdo Director of Financial Affairs	Wael Hanafy Chief Financial Officer	Mohamed Nasr Managing Director and Chief Executive Officer
		
Board of Directors' approval		Maged Osman Chairman

**Telecom Egypt Company and its subsidiaries**  
**Interim consolidated statement of profit or loss and other comprehensive income**  
**For the period ended June 30, 2024**

(Amounts in thousands of Egyptian Pound)	Notes	Six-month period ended		Three-month period ended	
		June 30, 2024	2023	June 30, 2024	2023
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	15	37,952,947	28,135,660	20,466,279	14,176,999
Cost of revenue	16	(22,723,688)	(16,345,375)	(12,388,938)	(8,666,634)
<b>Gross profit</b>		<b>15,229,259</b>	11,790,285	<b>8,077,341</b>	5,510,365
Selling and marketing expenses	17	(2,942,572)	(2,347,741)	(1,622,341)	(1,270,164)
Administrative expenses	18	(3,657,845)	(2,760,335)	(1,868,064)	(1,455,012)
Allowance for expected credit losses		(451,515)	(101,344)	(83,866)	(76,585)
Other operating income		302,361	210,365	243,924	130,104
Other operating expenses	19	(6,622,588)	(4,041,179)	(39,251)	(586,794)
<b>Operating profit</b>		<b>1,857,100</b>	2,750,051	<b>4,707,743</b>	2,251,914
Finance income		326,155	371,072	122,560	151,062
Finance costs		(21,846,224)	(7,801,385)	(3,778,917)	(1,161,835)
<b>Net finance costs</b>		<b>(21,520,069)</b>	(7,430,313)	<b>(3,656,357)</b>	(1,010,773)
Other non-operating income/(expense), net		1,593,978	1,187,127	85,396	(23,312)
Share of profit of associates		2,707,428	1,827,595	1,992,662	1,002,286
<b>(LOSS)/PROFIT BEFORE TAX</b>		<b>(15,361,563)</b>	(1,665,540)	<b>3,129,444</b>	2,220,115
Income tax		599,436	(402,415)	(436,616)	(491,012)
<b>NET (LOSS)/PROFIT FOR THE PERIOD</b>		<b>(14,762,127)</b>	(2,067,955)	<b>2,692,828</b>	1,729,103
<b>Other comprehensive income</b>					
<i>Item that may be re-classified to profit or loss in subsequent periods</i>					
Exchange differences on translation of foreign operations		788,625	300,670	52,368	2,248
<b>Total other comprehensive income</b>		<b>788,625</b>	300,670	<b>52,368</b>	2,248
<b>TOTAL COMPREHENSIVE (LOSS)/PROFIT FOR THE PERIOD</b>		<b>(13,973,502)</b>	(1,767,285)	<b>2,745,196</b>	1,731,351
<b>Net (loss)/income attributable to:</b>					
Owners of the Parent		(14,765,356)	(2,071,409)	2,691,207	1,725,801
Non-controlling interests		3,229	3,454	1,620	3,302
<b>Net (loss)/profit for the period</b>		<b>(14,762,127)</b>	(2,067,955)	<b>2,692,827</b>	1,729,103
<b>Total comprehensive (loss)/income attributable to:</b>					
Owners of the Parent		(13,976,731)	(1,770,739)	2,743,576	1,728,049
Non-controlling interests		3,229	3,454	1,620	3,302
<b>Total comprehensive (loss)/income for the period</b>		<b>(13,973,502)</b>	(1,767,285)	<b>2,745,196</b>	1,731,351
<b>Earnings per share:</b>					
<b>Basic earnings per share (EGP)</b>		<b>(8.65)</b>	(1.21)	<b>1.58</b>	1.01
<b>Diluted earnings per share (EGP)</b>		<b>(8.65)</b>	(1.21)	<b>1.58</b>	1.01

The attached notes on pages from 7 to 17 from an integral part of this interim condensed consolidated financial information.

**Telecom Egypt Company and its subsidiaries**  
**Interim consolidated statement of changes in equity**  
**For the period ended June 30, 2024**

(Amounts in thousands of Egyptian Pound)

	Total equity attributable to Owners of the Company						Non-controlling interests	Total equity
	Share capital	Legal reserve	Foreign currency translation reserve	Other reserve	Retained earnings	Total		
Balances as at January 1, 2023 (Audited)	17,070,716	2,938,918	402,277	2,747,525	16,930,126	40,089,562	14,064	40,103,626
Net loss for the period	-	-	-	-	(2,071,409)	(2,071,409)	3,454	(2,067,955)
Other comprehensive income	-	-	300,670	-	-	300,670	-	300,670
Total comprehensive loss for the period	-	-	300,670	-	(2,071,409)	(1,770,739)	3,454	(1,767,285)
Transfer to legal reserve	-	286,234	-	-	(286,234)	-	-	-
Dividends (Note 11)	-	-	-	-	(2,133,839)	(2,133,839)	(3,792)	(2,137,631)
Balance as at June 30, 2023 (Unaudited)	17,070,716	3,225,152	702,947	2,747,525	12,438,644	36,184,984	13,726	36,198,710
Balance as at January 1, 2024 (Audited)	17,070,716	3,258,135	707,362	2,754,179	16,857,463	40,647,855	16,439	40,664,294
Net loss for the period	-	-	-	-	(14,765,356)	(14,765,356)	3,229	(14,762,127)
Other comprehensive income	-	-	788,625	-	-	788,625	-	788,625
Total comprehensive loss for the period	-	-	788,625	-	(14,765,356)	(13,976,731)	3,229	(13,973,502)
Transfer to legal reserve	-	220,818	-	-	(220,818)	-	-	-
Dividends (Note 11)	-	-	-	-	(2,560,607)	(2,560,607)	(5,646)	(2,566,253)
<b>Balance as at June 30, 2024 (Unaudited)</b>	<b>17,070,716</b>	<b>3,478,953</b>	<b>1,495,987</b>	<b>2,754,179</b>	<b>(689,318)</b>	<b>24,110,517</b>	<b>14,022</b>	<b>24,124,539</b>

The attached notes on pages from 7 to 17 from an integral part of this interim condensed consolidated financial information.

**Telecom Egypt Company and its subsidiaries**  
**Interim consolidated statement of cash flows**  
**For the period ended June 30, 2024**

(Amounts in thousands of Egyptian Pound)	Notes	Six-month period ended June 30,	
		2024 (Unaudited)	2023 (Unaudited)
<b>Operating activities</b>			
Loss for the period before tax		(15,361,563)	(1,665,540)
<i>Adjustments for:</i>			
Depreciation of property and equipment	5	4,856,566	3,537,042
Depreciation of right-of-use assets		174,037	145,109
Amortisation of intangible assets	6	914,854	838,350
Share of profit of associates		(2,707,428)	(1,827,595)
Allowance for expected credit losses		451,515	101,344
Provision for inventories		(146)	(2,479)
Provisions		95,110	117,911
Loss on disposal of property and equipment		-	4,705
Net foreign exchange differences		2,803,472	1,562,794
Dividend income		(16,523)	(5,571)
Finance cost		21,846,224	7,801,385
Finance income		(326,155)	(371,072)
		<b>12,729,963</b>	<b>10,236,383</b>
<i>Working capital changes:</i>			
Trade and other receivables		(7,087,617)	(4,543,363)
Inventories		(1,666,007)	(583,712)
Trade and other payables		10,249,368	6,218,131
Amount due to an associate		(710,655)	(1,207,385)
Provisions		(424,375)	(159,712)
Deferred income		4,471,034	2,721,139
Restricted bank balances		(158,409)	3,630
<b>Cash from operations</b>		<b>17,403,302</b>	<b>12,685,111</b>
Income tax paid		(14,010)	(307,174)
<b>Net cash flows from operating activities</b>		<b>17,389,292</b>	<b>12,377,937</b>
<b>Investing activities</b>			
Purchase of property and equipment		(20,844,325)	(11,235,384)
Purchase of intangible assets		(6,475,490)	(2,780,130)
Proceeds from disposal of property and equipment and intangible assets		64	270
Proceeds from disposal of treasury bills		70,679	94,841
Interest received		192,600	180,152
Dividends received from associates		4,228	4,250
Payment for investment in associate		(3,750)	-
<b>Net cash flows used in investing activities</b>		<b>(27,055,994)</b>	<b>(13,736,001)</b>
<b>Financing activities</b>			
Payments of loans and borrowings		(1,839,708)	(2,124,685)
Proceeds of loans and borrowings		9,440,000	-
Net proceeds of credit facilities		5,362,106	10,525,413
Interest paid		(4,525,173)	(1,842,527)
Payments of lease liabilities		(213,924)	(175,604)
Dividends paid to Owners of the Parent		(2,560,607)	(2,133,840)
Dividends paid to non-controlling interests		(5,646)	(3,792)
<b>Net cash flows from financing activities</b>		<b>5,657,048</b>	<b>4,244,965</b>
<b>Net change in cash and cash equivalents</b>		<b>(4,009,654)</b>	<b>2,886,901</b>
Cash and cash equivalents at January 1,		10,442,683	6,751,791
Net foreign exchange difference		240,844	116,654
<b>Cash and cash equivalents at June 30,</b>	10	<b>6,673,873</b>	<b>9,755,346</b>

The attached notes on pages from 7 to 17 from an integral part of this interim condensed consolidated financial information.



## Telecom Egypt Company and its subsidiaries

### Notes to the interim condensed consolidated financial information

#### For the period ended June 30, 2024

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(Amounts in thousands of Egyptian Pound)

#### 1 General Information

Telecom Egypt Company (the “Company” or the “Parent”) 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 and is registered in the Commercial Register under number 3930, Cairo, Egypt.

The registered office of the Company is 26 Ramses Street, Cairo, Egypt.

As at June 30, 2024, 70% of the Company’s shares are held by the Government of Egypt (2023: 70%) and the remaining 30% are listed on the Egypt Stock Exchange (“Egyptian Exchange”) (2023: 30%). In addition, the Company’s global depository receipts are listed on the London Stock Exchange (each consisting of five ordinary shares).

The main business operations of the Company in accordance with its trade license include the following:

- Owning, setting up, operating, maintaining and developing telecommunication networks and infrastructure necessary for communication services for the purpose of using, managing, and leasing them to others as part of the Company’s operations.
- Providing, managing, and leasing to others voice, video and data transmission telecommunication as part of the Company’s operations.
- Participating and contributing to global communication systems, such as submarine cables and satellites, and obtaining capacities or circuits for using, managing and leasing them to others as part of the Company’s operations.
- Dealing, contracting and participating with authorities, agencies, companies, organisations or any other entity exercising activities similar or identical to those of the Company or assists the Company to achieve its purpose either in the Arab Republic of Egypt or abroad.
- Managing, selling, leasing, purchasing, possessing, and trading in any property and rights to or benefit in any property, including property that could be acquired or owned by the Company.
- Selling, purchasing and distributing fixed line sets, mobile phones and computers, and their peripherals, accessories and supplies, and complementary devices and necessary spare parts and providing related maintenance works.
- Setting up voice, video and written data transmission networks and providing value-added, content, marketing, electronic signature, and online money transfer services.
- Engaging in real estate investment for serving the Company’s purpose and executing its projects.

The interim condensed consolidated financial information of the Group for the six-month period ended June 30, 2024 comprise the financial information of the Company and its subsidiaries (together referred to as the “Group”). The Group also holds interests in associates. Information on the Group’s structure is provided in the annual consolidated financial statements of the Group as at and for the year ended December 31, 2023, which remains unchanged.

The Group has also prepared interim condensed consolidated financial information in accordance with Egyptian Accounting Standards for the six-month period ended June 30, 2024, which do not constitute part of this interim condensed consolidated financial information and were issued on August 13, 2024 and published on the Egyptian Exchange.

**Telecom Egypt Company and its subsidiaries**  
**Notes to the interim condensed consolidated financial information (continued)**  
**For the period ended June 30, 2024**

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**2 Basis of preparation and changes to material accounting policies**

**2.1 Basis of preparation**

The interim condensed consolidated financial information for the six-month period ended June 30, 2024 has been prepared in accordance with International Accounting Standard 34: *Interim Financial Reporting* (IAS 34).

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2023. In addition, the results for the six-month period ended June 30, 2024 are not indicative of the results that may be expected for the financial year ended December 31, 2024.

**2.2 Functional and presentation currency**

This interim condensed consolidated financial information is presented in Egyptian Pounds ("EGP"), which is also the Parent's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

**2.3 Significant accounting estimates and judgments**

The preparation of the interim condensed consolidated financial information in conformity with IAS 34, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied in the preparation of the consolidated financial statements of the Group as at and for the year ended December 31, 2023.

**2.4 Fair value measurement**

All financial assets and liabilities are stated at amortized cost in this interim condensed consolidated financial information, except for financial assets at FVOCI, which have been carried at fair value using Level 3 category of fair value measurement.

**3 New standards, interpretations and amendments adopted by the Group**

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2023, except for the adoption of new standards effective as of January 1, 2024, where appropriate. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments listed below apply for the first time in 2024, but do not have a significant impact on the interim condensed consolidated financial information of the Group.

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- Non-current Liabilities with Covenants (Amendments to IAS 1);
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16);
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7); and
- Lack of Exchangeability (Amendments to IAS 21).

**Telecom Egypt Company and its subsidiaries**  
**Notes to the interim condensed consolidated financial information (continued)**  
**For the period ended June 30, 2024**

(Amounts in thousands of Egyptian Pound)

**4 Financial risk management**

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements of the Group as at and for the year ended December 31, 2023.

**5 Property and equipment**

During the period ended June 30, 2024, the Group acquired property and equipment amounting to EGP 13,602,325 (2023: EGP 7,310,815).

Depreciation charge on property and equipment for the period ended June 30, 2024 amounted to EGP 4,856,566 (2023: EGP 3,537,042).

**6 Intangible assets**

During the period ended June 30, 2024, the Group acquired intangible assets amounting to EGP 5,403,066 (2023: EGP 730,605).

Amortisation charge on intangible assets for the period ended June 30, 2024 amounted to EGP 914,854 (2023: EGP 838,350).

**7 Investments in associates**

The Group has the following investments in associates:

	Ownership		Carrying amount	
	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Vodafone Egypt Telecommunication Company S.A.E	44.95%	44.95%	17,571,717	14,884,411
Egypt Trust	35.71%	35.71%	47,492	52,369
New matrix for technology	25.50%	25.50%	5,000	1,250
Wataneya for Telecommunication*	50.00%	50.00%	-	-
			<b>17,624,209</b>	<b>14,938,030</b>

\*Investment in Wataneya for Telecommunication amounting to EGP 0.125 million is fully reduced against the Group's share in the losses of the associates.

**Vodafone Egypt Telecommunications Company S.A.E.**

The investment in Vodafone Egypt represents the ownership of 107,869,799 shares as at June 30, 2024 and December 31, 2023. The movement in the investment for the period/year is as follows:

	Period ended June 30, 2024 (Unaudited)	Year ended December 31, 2023 (Audited)
As at January 1,	14,884,411	12,181,727
Share of net profit and total comprehensive income	2,687,306	4,810,094
Dividends received	-	(2,107,410)
	<b>17,571,717</b>	<b>14,884,411</b>

Vodafone Egypt Telecommunications Company S.A.E. is engaged in the telecommunication and related activities in Egypt and is a subsidiary of Vodafone Group PLC listed on London stock Exchange.

**Telecom Egypt Company and its subsidiaries**  
**Notes to the interim condensed consolidated financial information (continued)**  
**For the period ended June 30, 2024**

(Amounts in thousands of Egyptian Pound)

**8 Trade and other receivables**

	<b>June 30, 2024 (Unaudited)</b>	December 31, 2023 (Audited)
Trade receivables – local, net	<b>6,020,006</b>	3,548,109
Trade receivables – foreign, net	<b>9,974,973</b>	6,408,692
Notes receivable	<b>200,003</b>	260,918
<b>Trade and notes receivable, net</b>	<b>16,194,982</b>	10,217,719
Due from ministries, organisations, companies and franchises	<b>2,917,717</b>	1,393,255
Advance payments to suppliers	<b>2,736,584</b>	1,337,152
Value added taxes	<b>1,973,022</b>	1,414,405
Deposits with others	<b>342,814</b>	324,409
Other receivables	<b>3,515,006</b>	2,064,220
<b>Other receivables</b>	<b>11,485,143</b>	6,533,441
	<b>27,680,125</b>	16,751,160
Non-current (advances to suppliers)	<b>1,397,460</b>	932,725
Current	<b>26,282,665</b>	15,818,435
	<b>27,680,125</b>	16,751,160

**9 Related parties**

***Identity of related parties***

The Group's related parties include its associate, Vodafone Egypt Telecommunications Company S.A.E. the Government of Egypt, and key management personnel.

***Transactions and balances with Vodafone Egypt Telecommunications Company S.A.E.***

During the period ended June 30, 2024, the Group incurred cost of revenue of EGP 2,465 million (2023: EGP 1,648 million) in relation to receipt of telecommunications and related services from the associate.

The Group earned revenue of EGP 2,322 million from telecommunication and related services provided to the associate during the period ended June 30, 2024 (2023: EGP 3,018 million).

The balance due from Vodafone Egypt Telecommunications Company S.A.E. at June 30, 2024 is EGP 373 million. (2023: EGP 530 million).

The related party balance is unsecured, and settlement occurs in cash. There are no guarantees given or received for such balance. Transactions with the associate are made no terms agreed between the Group and the associate based on contractual agreements.

Dividend received from the associate disclosed in Note 7.

***Transactions and balances with the Government of Egypt***

As disclosed in Note 1, the Company is 70% owned by the Government of Egypt (2023: 70%). The Group, in the normal course of business, provides goods and services to Governmental bodies and earns revenue from such transactions. Other transactions and balances with the Governmental bodies, including but not limited to those related to taxes, are disclosed in the relevant notes in this interim condensed consolidated financial information.

**Telecom Egypt Company and its subsidiaries**  
**Notes to the interim condensed consolidated financial information (continued)**  
**For the period ended June 30, 2024**

(Amounts in thousands of Egyptian Pound)

**9 Related parties (continued)**

**Key management compensation**

During the six-month periods ended June 30, 2024 and June 30, 2023, the Group incurred salaries, allowances and other benefits to its key management personal, and included these expenses within salaries and wages in the interim consolidated statement of profit or loss and other comprehensive income.

**10 Cash and cash equivalents**

	<b>June 30, 2024 (Unaudited)</b>	December 31, 2023 (Audited)
Bank balances - current accounts	<b>4,847,349</b>	2,364,485
Bank balances - time deposits	<b>2,301,545</b>	8,465,974
Money market funds	<b>194,878</b>	142,885
Cash in hand	<b>23,809</b>	4,638
<b>Cash and cash balances</b>	<b>7,367,581</b>	10,977,982
Less: restricted bank balances*	<b>(693,708)</b>	(535,299)
<b>Cash and cash equivalents</b>	<b>6,673,873</b>	10,442,683

Treasury Bills, time deposits and Money Market Funds have an initial maturity of less than 3 months and carry interest rates as follows:

	<b>June 30, 2024 (Unaudited)</b>	December 31, 2023 (Audited)
EGP	<b>4.5% to 25.4%</b>	7% to 20.3%
USD	<b>SOFR plus 1%</b>	LIBOR plus (1.5 to 2.0%)

\*Restricted bank balances are withheld with the Group's bankers under the specific instructions of multiple government departments and agencies, against claimed taxes, duties, fees and other charges payable by the Group in the normal course of business. These bank balances would be released for subsequent use after settlement of the respective outstanding dues by the Group.

**11 Dividends**

Dividends of EGP 1.49 per share amounting to EGP 2,560,607 thousand were declared by the Company during the period ended June 30, 2024 (2023: EGP 1.25 per share amounting to EGP 2,133,840 thousand).

**Telecom Egypt Company and its subsidiaries**  
**Notes to the interim condensed consolidated financial information (continued)**  
**For the period ended June 30, 2024**

(Amounts in thousands of Egyptian Pound)

**12 Loans and borrowings**

	<b>June 30, 2024 (Unaudited)</b>	December 31, 2023 (Audited)
<b>Non-current liabilities</b>		
Foreign loans	<b>29,913,608</b>	17,029,314
Local facilities – foreign currencies	<b>4,077,474</b>	2,696,430
	<b>33,991,082</b>	19,725,744
<b>Current liabilities</b>		
Local facilities – local currencies	<b>30,156,192</b>	16,725,122
Foreign loans	<b>10,105,031</b>	3,712,171
Local facilities – foreign currencies	<b>6,538,113</b>	9,176,028
Supplier facilities	<b>4,052</b>	2,693
	<b>46,803,388</b>	29,616,014

**13 Trade and other payables**

	<b>June 30, 2024 (Unaudited)</b>	December 31, 2023 (Audited)
Trade payables	<b>33,144,111</b>	28,178,862
Notes payable	<b>138,234</b>	36,507
<b>Trade payables and notes payables</b>	<b>33,282,345</b>	28,215,369
Due to National Telecommunication Regulatory Authority (NTRA)	<b>3,538,625</b>	3,241,808
Other taxes payable	<b>2,935,566</b>	2,224,566
Advances from customers	<b>2,245,748</b>	1,727,029
Accrued expenses	<b>1,381,828</b>	1,122,920
Deposits from others	<b>929,397</b>	816,853
Accrued finance cost	<b>422,217</b>	422,217
Other credit balances	<b>3,016,548</b>	2,039,548
<b>Other payables</b>	<b>14,469,929</b>	11,594,941
<b>Total trade and other payables</b>	<b>47,752,274</b>	39,810,310
Non-current portion (trade payables)	<b>11,499,320</b>	9,975,035
Current portion	<b>36,252,954</b>	29,835,275
<b>Total trade and other payables</b>	<b>47,752,274</b>	39,810,310

**Telecom Egypt Company and its subsidiaries**  
**Notes to the interim condensed consolidated financial information (continued)**  
**For the period ended June 30, 2024**

(Amounts in thousands of Egyptian Pound)

**14 Deferred income**

	<b>June 30, 2024 (Unaudited)</b>	<b>December 31, 2023 (Audited)</b>
Contract liabilities – access services	4,633,729	3,538,842
Transmission services	2,563,292	292,951
Internet and telecommunications services	998,636	769,502
Mobile services	977,703	557,639
Operating services and maintenance	895,511	438,902
Customers compensations	54,473	54,474
<b>Total deferred income</b>	<b>10,123,344</b>	<b>5,652,310</b>
Non-current portion	4,896,495	3,918,587
Current portion	5,226,849	1,733,723
<b>Total deferred income</b>	<b>10,123,344</b>	<b>5,652,310</b>

**15 Revenue**

	<b>Six-month period ended June 30,</b>	
	<b>2024 (Unaudited)</b>	<b>2023 (Unaudited)</b>
Home and personal communications	17,223,273	12,121,718
International carrier	6,147,066	3,718,484
International cables and networks	6,040,804	4,717,356
Domestic wholesale	4,369,622	4,449,398
Enterprise	4,172,182	3,128,704
	<b>37,952,947</b>	<b>28,135,660</b>

**16 Cost of revenue**

	<b>Six-month period ended June 30,</b>	
	<b>2024 (Unaudited)</b>	<b>2023 (Unaudited)</b>
Call costs	5,895,029	4,129,045
Depreciation of property and equipment	4,783,584	3,482,024
Salaries and other employee benefits	3,366,065	2,671,639
Organisation service costs	2,047,996	1,352,227
Frequencies and licenses	1,890,664	1,301,970
Amortisation of intangible assets	914,854	838,350
Cost of goods sold	874,468	515,178
Fuel	535,724	413,562
Maintenance	464,805	467,311
Leased circuits and satellite subscriptions (IRU) outside Egypt	396,581	246,433
	296,874	177,017
Depreciation of right-of-use assets	89,647	84,744
Others	1,167,397	665,875
	<b>22,723,688</b>	<b>16,345,375</b>

**Telecom Egypt Company and its subsidiaries**  
**Notes to the interim condensed consolidated financial information (continued)**  
**For the period ended June 30, 2024**

(Amounts in thousands of Egyptian Pound)

**17 Selling and distribution expenses**

	Six-month period ended June 30,	
	2024 (Unaudited)	2023 (Unaudited)
Salaries and other employee benefits	1,531,073	1,258,754
Advertisements	831,339	600,721
Sales and collection commissions	442,782	329,190
Depreciation of right-of-use assets	32,618	29,818
Tax and fees	14,086	10,533
Organisation service costs	10,584	31,263
Depreciation of property and equipment	6,013	5,005
Others	74,077	82,457
	<b>2,942,572</b>	<b>2,347,741</b>

**18 Administrative expenses**

	Six-month period ended June 30,	
	2024 (Unaudited)	2023 (Unaudited)
Salaries and other employee benefits	2,652,972	2,080,509
Organisation service costs	318,088	199,976
Tax and duties	246,292	114,942
Takaful contribution expense	120,691	90,853
Depreciation of property and equipment	66,969	50,016
Depreciation of right-of-use assets	51,772	30,544
Bank charges	38,042	22,707
Others	163,019	170,788
	<b>3,657,845</b>	<b>2,760,335</b>

**19 Other operating expenses**

	Six-month period ended June 30,	
	2024 (Unaudited)	2023 (Unaudited)
Translation loss on foreign currencies balances and transactions	6,404,242	3,874,120
Donations	111,513	61,563
Provisions	94,720	100,791
Loss on disposal of property and equipment	-	4,705
Others	12,113	-
	<b>6,622,588</b>	<b>4,041,179</b>

**20 Commitments**

The Group's capital commitments for the unexecuted parts as at June 30, 2024 amounted to EGP 1,879 million (unaudited) (2023: EGP 988 million (audited)).



**Telecom Egypt Company and its subsidiaries**  
**Notes to the interim condensed consolidated financial information (continued)**  
**For the period ended June 30, 2024**

(Amounts in thousands of Egyptian Pound)

**20 Commitments (continued)**

Capital commitments, other than the commitments disclosed above, are not considered significant.

**21 Contingencies**

The Group has the following contingent liabilities:

	<b>June 30, 2024 (Unaudited)</b>	December 31, 2023 (Unaudited)
<b>Contingencies - Group</b>		
Letters of guarantee issued by banks on behalf of the Group	<b>4,266,844</b>	3,475,500
<b>Contingencies – Group’s share</b>		
Letters of guarantee issued by banks on behalf of an associate	<b>263,832</b>	231,942

Letters of guarantee, which were issued by banks on behalf of the Group and for the benefits of others include letters of guarantee issued against restricted cash and bank balances (Note 10). Management does not expect that any significant liability will result from these contingencies.

**22 Segment information**

For management purposes, the Group is organized into business units based on its products and services and has four reportable segments, as follows:

- The marine cables and infrastructure segment, which provides goods and services (such as mobile) to home and personal and enterprise, interconnect services to other operators and internal cables and networks services to various customers.
- The internet segment, which provides all internet services to home and personal and enterprise.
- The outsourcing segment, which mainly provides customer relationship services to enterprise.
- All other segments include various services to enterprise that do not fall in any of the above segments and do not meet the quantitative thresholds of segment reporting of IFRS 8.

No operating segments have been aggregated to form the above reportable operating segments. Inter-segment transactions arise in the normal course of business.

The Group's Chief Executive Officer is the chief operating decision maker and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the interim condensed consolidated financial information.

**Telecom Egypt Company and its subsidiaries**  
**Notes to the interim condensed consolidated financial information (continued)**  
**For the period ended June 30, 2024**

(Amounts in thousands of Egyptian Pound)

**22 Segment information (continued)**

As at / or the period end June 30, 2024 - unaudited	Communication, marine cables and infrastructure	Internet	Outsourcing	Others	Total
<b>Revenue</b>					
External customers - local	10,443,315	14,714,416	435,815	171,531	25,765,077
External customers - foreign	1,252,793	162,810	10,772,267	-	12,187,870
<b>Total external customers</b>	<b>11,696,108</b>	<b>14,877,226</b>	<b>11,208,082</b>	<b>171,531</b>	<b>37,952,947</b>
Inter-segment	2,976,857	38,200	733,950	294,633	4,043,640
<b>Gross profit</b>	<b>7,148,625</b>	<b>7,420,066</b>	<b>592,588</b>	<b>67,981</b>	<b>15,229,260</b>
Call costs	(5,895,029)	-	-	-	(5,895,029)
Salaries and other employee benefits	(5,680,213)	(1,055,664)	(721,721)	(92,512)	(7,550,110)
Interest income	266,387	43,163	6,061	10,544	326,155
Finance costs	(21,501,407)	(307,723)	(37,094)	-	(21,846,224)
Depreciation and amortisation	(3,998,310)	(1,817,340)	(123,250)	(6,557)	(5,945,457)
Share of profit of associates	2,707,428	-	-	-	2,707,428
(Loss)/gain on exchange differences	(5,619,471)	(816,591)	13,592	18,228	(6,404,242)
Allowance for expected credit losses	(274,569)	(201,916)	29,743	(4,773)	(451,515)
Income tax expense	1,435,896	(701,202)	(91,234)	(44,024)	599,436
<b>Total assets</b>	<b>153,809,553</b>	<b>9,314,527</b>	<b>2,546,869</b>	<b>1,401,765</b>	<b>167,072,714</b>
<b>Investments in associates</b>	<b>17,619,209</b>	<b>-</b>	<b>-</b>	<b>5,000</b>	<b>17,624,209</b>
<b>Total liabilities</b>	<b>129,211,390</b>	<b>7,541,871</b>	<b>2,711,837</b>	<b>3,483,077</b>	<b>142,948,175</b>
<b>Capital expenditure</b>	<b>18,646,142</b>	<b>322,624</b>	<b>396,840</b>	<b>67</b>	<b>19,365,673</b>

**Telecom Egypt Company and its subsidiaries**  
**Notes to the interim condensed consolidated financial information (continued)**  
**For the period ended June 30, 2024**

(Amounts in thousands of Egyptian Pound)

**22 Segment information (continued)**

As at December 31, 2023 (audited) / or for the period ended June 30, 2023 (unaudited)	Communication, marine cables and infrastructure	Internet	Outsourcing	Others	Total
Revenue					
External customers - local	9,066,183	10,150,278	137,696	345,663	19,699,820
External customers - foreign	7,472,212	113,495	850,133	-	8,435,840
Total external customers	16,538,395	10,263,773	987,829	345,663	28,135,660
Inter-segment	5,444,140	75,434	1,044,116	654,806	7,218,496
Gross profit	7,065,584	4,357,886	308,073	58,742	11,790,285
Call costs	(4,129,045)	-	-	-	(4,129,045)
Salaries and other employee benefits	(4,736,004)	(690,234)	(452,297)	(132,367)	(6,010,902)
Interest income	328,339	31,462	1,351	9,920	371,072
Finance costs	(7,778,494)	(4,655)	(6,353)	(11,883)	(7,801,385)
Depreciation and amortisation	(2,728,374)	(1,686,303)	(103,043)	(2,781)	(4,520,501)
Share of profit of associates	1,827,595	-	-	-	1,827,595
(Loss)/gain on exchange differences	(3,088,031)	(834,513)	56,492	(8,068)	(3,874,120)
Allowance for expected credit losses	(121,188)	28,952	(9,108)	-	(101,344)
Income tax expense	(142,661)	(190,766)	(58,123)	(10,865)	(402,415)
Total assets	118,856,047	7,442,334	1,297,295	557,295	128,152,971
Investments in associates	11,916,445	-	-	1,250	11,917,695
Total liabilities	85,050,267	2,781,108	1,014,054	3,108,832	91,954,261
Capital expenditure	7,778,904	290,520	30,375	1,554	8,101,353

**23 Comparative information**

Reclassifications were made to certain comparative figures in the interim consolidated statement of financial position and interim consolidated statement of profit or loss and other comprehensive income to comply to the current period's presentation as follows:

Effect on the consolidated statement of financial position as at December 31, 2023	As previously reported	Reclassification	As currently reported
Deferred income (non-current)	379,745	3,538,842	<b>3,918,587</b>
Trade and other payables (current)	33,374,117	(3,538,842)	<b>29,835,275</b>
Effect on the interim consolidated statement of profit or loss and other comprehensive income for the period ended June 30, 2023	As previously reported (Unaudited)	Reclassification (Unaudited)	As currently reported (Unaudited)
Other non-operating income	5,571	1,181,556	<b>1,187,127</b>
Other non-operating expense	(4,465,274)	4,465,274	-
Finance cost	(2,154,555)	(5,646,830)	<b>(7,801,385)</b>