

Telecom Egypt Company
(An Egyptian Joint Stock Company)
Condensed Separate Interim Financial Statements
For The Three Months Ended March 31, 2025
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, 2025, 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, 2025;
- The condensed interim separate statements of income for the three months periods ended March 31, 2025;
- The condensed interim separate statements of comprehensive income for the three months periods ended March 31, 2025;
- The condensed interim separate statements of changes in equity for three months periods ended March 31, 2025;
- The condensed interim separate statements of cash flows for three months periods ended March 31, 2025;
- 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

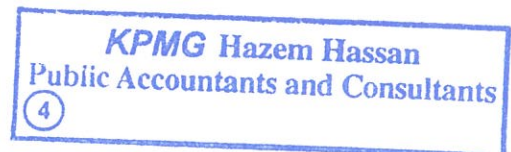
Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying March 31, 2025, condensed interim separate financial statements do not present fairly, in all material respects, in accordance with Egyptian Accounting Standard number (30) "Interim Financial Reporting".

KPMG Hazem Hassan

**KPMG Hazem Hassan
Public Accountants & Consultants**

Cairo, May 13, 2025




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


	Note No.	31/3/2025 L.E. (000)	31/12/2024 L.E. (000)
Assets			
<u>Non Current Assets</u>			
Fixed assets and projects under construction	(12)	98 612 560	99 768 001
Intangible assets (licenses and frequencies)		19 109 895	19 503 636
Usufruct assets	(13)	7 807 368	7 863 182
Right of use assets (lease contracts)	(14-1)	789 900	840 204
Investments in subsidiaries and associates	(15)	6 678 689	6 653 574
Financial assets at FVOCI		120 476	120 476
Deferred tax assets	(25-3)	5 003 588	5 087 595
Total Non Current Assets		138 122 476	139 836 668
<u>Current Assets</u>			
Inventories	(16)	7 227 714	7 239 832
Trade and notes receivables	(17)	15 990 893	14 217 585
Current income tax	(25-5)	1 418 009	1 413 670
Debtors and other debit balances	(18)	10 253 563	6 520 977
Debit balances with subsidiaries	(29-1)	1 096 331	257 897
Cash and cash equivalents	(19)	11 373 249	6 968 984
Total Current Assets		47 359 759	36 618 945
Total Assets		185 482 235	176 455 613
<u>Equity</u>			
Capital	(23)	17 070 716	17 070 716
Reserves	(24)	6 220 366	6 081 041
Retained earnings		3 697 746	4 874 875
Total Equity		26 988 828	28 026 632
<u>Non Current Liabilities</u>			
Long term loans and credit facilities	(20)	40 748 136	38 411 459
Lease obligations	(14-2)	729 258	790 355
Creditors and other credit balances	(21)	24 302 413	22 578 825
Total Non Current Liabilities		65 779 807	61 780 639
<u>Current Liabilities</u>			
Short term loans and credit facilities	(20)	43 368 112	42 314 798
Lease obligations	(14-2)	331 488	279 211
Creditors and other credit balances	(21)	36 096 991	33 645 412
Credit balances to subsidiaries and associates	(29-1)	12 525 070	10 026 651
Provisions	(22)	391 939	382 270
Total Current Liabilities		92 713 600	86 648 342
Total Liabilities		158 493 407	148 428 981
Total Equity and Liabilities		185 482 235	176 455 613

The accompanying notes on pages (6) to (22) 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


"Lobna Helal"

Limited Review Report "attached"

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

	Note No.	<u>For the Three months ended :</u>	
		<u>31/3/2025</u> <u>L.E.(000)</u>	<u>31/3/2024</u> <u>L.E.(000)</u>
Operating revenues	(3)	17 117 828	12 592 071
Operating costs	(4)	(11 130 330)	(8 706 234)
Gross Profit		5 987 498	3 885 837
Other incomes	(5)	966 377	483 367
Selling and distributing expenses	(6)	(1 370 449)	(1 062 359)
General and administrative expenses	(7)	(1 552 808)	(1 387 845)
Expected credit loss		(177 499)	(274 569)
Other expenses		(62 511)	(107 191)
Operating profit		3 790 608	1 537 240
Finance income		191 812	530 780
Finance cost		(4 264 020)	(2 078 782)
Net finance cost	(8)	(4 072 208)	(1 548 002)
Income from investments in subsidiaries	(9)	3 379 813	3 141 460
Net profit for the period before income tax		3 098 213	3 130 698
Income tax	(25-1)	(422 322)	1 254 667
Net profit for the period after income tax		2 675 891	4 385 365
Basic and diluted earning per share for the period (L.E. / Share)	(11)	1.57	2.57

The accompanying notes on pages (6) to (22) are an integral part of these condensed separate interim financial statements.

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

	Note	<u>For the three months ended :</u>	
	<u>No.</u>	<u>31/3/2025</u>	<u>31/3/2024</u>
		<u>L.E.(000)</u>	<u>L.E.(000)</u>
Net profit for the period after income tax		2 675 891	4 385 365
<u>Other Comprehensive Income Items:</u>			
Translation differences of foreign currency balances		-	(12 719 296)
Income tax on translation differences of foreign currency balances	(25-2)	-	2 861 842
		-	(9 857 454)
Transferred to retained earnings during the period		-	9 857 454
		-	-
Total Comprehensive Income		2 675 891	4 385 365

The accompanying notes on pages (6) to (22) 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, 2025

	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, 2024	17 070 716	2 938 918	2 794 204	13 349 113	36 152 951
Comprehensive income					
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 currency balances	-	-	-	(9 857 454)	(9 857 454)
Transferred to legal reserve	-	319 217	-	(319 217)	-
Transactions with shareholders					
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
Balance as of January 1, 2025	17 070 716	3 258 135	2 822 906	4 874 875	28 026 632
Comprehensive income					
Net profit for the period	-	-	-	2 675 891	2 675 891
Total comprehensive income	-	-	-	2 675 891	2 675 891
Transferred to legal reserve	-	139 325	-	(139 325)	-
Transactions with shareholders					
Dividends for year 2024 (Shareholders)	-	-	-	(2 560 607)	(2 560 607)
Dividends for year 2024 (Employees & Board of Directors)	-	-	-	(1 153 088)	(1 153 088)
Total transactions with shareholders	-	-	-	(3 713 695)	(3 713 695)
Balance as of March 31, 2025	17 070 716	3 397 460	2 822 906	3 697 746	26 988 828

The accompanying notes on pages (6) to (22) 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	31/3/2025	31/3/2024
	No.	L.E.(000)	L.E.(000)
<u>Cash flows from operating activities :</u>			
Cash receipts from customers and notes receivables		13 509 601	10 338 990
Cash receipts from related party		5 469 150	5 262 863
Stamp tax and fees collected (from third party)		15 505	2 928
Deposits collected from customers		24 112	13 886
Cash paid to suppliers		(3 162 239)	(2 111 315)
Cash paid for NTRA		(251 610)	(493 019)
Cash paid to Board of Directors		(18 550)	(18 550)
Cash paid to employees		(2 988 681)	(2 024 893)
Cash paid on behalf of employees to third party		(376 282)	(321 602)
Payments to Tax Authority - taxes other than income tax		(1 828 244)	(2 063 275)
Other (payments) / proceeds		(143 455)	1 223 776
Cash provided by operating activities		10 249 307	9 809 789
Interest paid		(3 202 758)	(1 738 117)
Net cash provided by operating activities		7 046 549	8 071 672
<u>Cash flows from investing activities :</u>			
Payments for purchase of fixed assets and projects under construction		(5 749 032)	(8 371 489)
Payments for purchase of intangible assets		(592 980)	(6 464 027)
Payments for purchase of investments	(15)	(25 115)	-
Credit interest		64 874	111 111
Proceeds from financial assets at amortized cost - treasury bills income		104 153	54 540
Net cash used in investing activities		(6 198 100)	(14 669 865)
<u>Cash flows from financing activities :</u>			
Payments of loans		(2 597 770)	(909 581)
Proceeds from loans		11 534 500	-
Net (payments) / proceeds of credit facilities		(5 324 680)	6 314 112
Payments of lease obligations	(14-2)	(51 886)	(62 058)
Net cash provided by financing activities		3 560 164	5 342 473
Net change in cash and cash equivalents during the period		4 408 613	(1 255 720)
Cash and cash equivalents at the beginning of the period	(19)	6 269 385	9 766 600
Cash and cash equivalents at the end of the period	(19)	10 677 998	8 510 880

The accompanying notes on pages (6) to (22) 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, 2025

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 12, 2025.

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, 2025, have been prepared according to Egyptian Accounting Standard No.30 requirements "Interim Financial Reporting" and in the light of applicable laws and regulations accordingly it was prepared as a Condensed Separate Interim Financial Statements comparative view to the annual separate financial statements for the company for the financial year ended December 31, 2024 and this statements must be read with the financial statements for the company on the financial year in December 31, 2024.
- These Condensed Separate Interim Financial Statements don't include all the required information needed for preparing the full annual financial statements according to Egyptian Accounting Standard however It may include selected disclosures to explain important events and transactions to understand the change in the company's financial position and performance since the last annual financial statements.

*Notes to the condensed Separate Interim Financial Statements
For The Three months ended March 31, 2025 (continued)*

Translation from Arabic

- 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" on March 31, 2024

2-2 Basis of measurement

- These Condensed Separate Interim Financial Statements have been prepared according to the historical cost basis, except for :
 - (A) Financial instruments that are recorded at fair value through profit or loss.
 - (B) Financial instruments that are recorded at fair value through other comprehensive income.
 - (C) Financial instruments that are recorded at amortized cost.
- Investment in subsidiaries and associates in Condensed Separate Interim Financial Statements were presented on a cost basis which represent the company's direct share in equity, and not on the basis of results and net assets of the investee company. The Condensed Consolidated Interim Financial Statements provide a more comprehensive understanding of the Condensed Consolidated Interim Financial Position and results and Condensed Consolidated Interim of cash flows for the company and its subsidiaries (the Group).
- For presentational purposes, the current and non-current classification has been used for the condensed separate statement of Financial Position, while expenses are analysed in condensed separate statement of income using a classification based on their function. The direct method has been used in preparing the condensed separate statement of cash flows.

2-3 Functional and presentation currency

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

2-4 Use of estimates and judgments

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

2-5 Fair value measurement

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

2-6 Segment reporting

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

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

2-7 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of the condensed separate interim financial statements as of March 31, 2025 is the same as the accounting policies applied in the preparation of the annual separate financial statements as of December 31, 2024. and approved in February 26, 2025 These policies have been followed over all periods presented in these condensed separate interim financial statements as of March 31, 2025

3. OPERATING REVENUES

	For the three months ended:	
	31/3/2025	31/3/2024
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Home and personal communications	2 926 229	2 114 570
Enterprise	789 786	934 577
Domestic wholesale	6 278 104	4 449 598
International carriers	4 372 674	2 701 023
International cables and networks	2 751 035	2 392 303
	<u>17 117 828</u>	<u>12 592 071</u>

Total operating revenues have increased by an amount of L.E. 4 525 757 K due to the increase in domestic wholesale revenues by an amount of L.E. 1 828 506 K and international carriers revenues by an amount of L.E. 1 681 651 K and home and personal communications revenues by an amount of L.E. 811 659 K due to the increase in revenues resulting from fixed line and rendering mobile phone service and international cables and networks revenues by an amount of L.E. 358 732 K however the decrease in enterprise revenues by an amount of L.E. 144 791 K led to limitation of this increase.

4. OPERATING COSTS

	For the three months ended :	
	31/3/2025	31/3/2024
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Call cost	3 678 832	2 596 271
Depreciation and amortization	3 222 259	2 908 427
Salaries and wages	1 119 600	934 005
Company's social insurance contribution	100 846	91 084
Frequencies and licenses charges (NTRA)	857 148	646 093
Other operating cost	2 151 645	1 530 354
	<u>11 130 330</u>	<u>8 706 234</u>

Operating costs have increased by an amount of L.E. 2 424 096 K mainly due to the following: -

- The increase in Call cost by an amount of L.E. 1 082 561 K which is mainly due to the increase in cost of international fees by an amount of L.E. 815 572 K and cost of international fees of transit service by an amount of L.E. 257 835 K.
- The increase in the depreciation and amortization by an amount of L.E. 313 832 K due to the additions of the previous year after the first quarter and the current period.
- The increase in the salaries and wages item by an amount of L.E. 185 595 K as a result of the annual increase during the period.
- The increase in the other operating cost item by an amount of L.E. 621 291 K which is mainly due to the increase in leased circuits by an amount of L.E. 173 286 K and fuel by an amount of L.E. 115 099 K and Maintenance item by an amount of L.E. 58 711 K and organizations services costs item by an amount of L.E. 67 526 K.

5. OTHER INCOME

	<u>For the three months ended :</u>	
	<u>31/3/2025</u>	<u>31/3/2024</u>
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Shared service revenues	429 938	397 352
Right of use trade mark	309 736	-
Unoperational assets incomes	73 101	39 353
Sundry incomes	153 602	46 662
	<u>966 377</u>	<u>483 367</u>

The increase in other income by an amount of L.E 483 010 K mainly due to the increase in right of use trade mark item by an amount of L.E. 309 736 K.

6. SELLING AND DISTRIBUTING EXPENSES

	<u>For the three months ended :</u>	
	<u>31/3/2025</u>	<u>31/3/2024</u>
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Salaries and wages	501 182	448 675
Company's social insurance contribution	41 969	39 550
Advertising and marketing	247 840	147 194
Organizations services costs	331 822	221 964
Commissions of agent and collection organizations	180 780	154 313
Depreciation & Amortization	15 542	8 846
Other selling and distribution expenses	51 314	41 817
	<u>1 370 449</u>	<u>1 062 359</u>

The increase in selling and distribution expenses by an amount of L.E 308 090 K mainly due to the increase in organizations services costs item by an amount of L.E 109 858 K and advertising and marketing item by an amount of L.E 100 646 K and salaries and wages item by an amount of L.E 52 507 K as a result of the annual increase during the period.

7. GENERAL AND ADMINISTRATIVE EXPENSES

	<u>Note</u> <u>No.</u>	<u>For the three months ended :</u>	
		<u>31/3/2025</u> <u>L.E. (000)</u>	<u>31/3/2024</u> <u>L.E. (000)</u>
Salaries and wages		917 827	825 934
Company's social insurance contribution		65 965	61 515
The company's contribution in loyalty and belonging fund	(10)	65 000	65 000
Depreciation & Amortization		19 165	19 359
Tax and duties		50 197	37 039
Organizations services costs and consultants		144 566	168 785
Other general and administrative expenses		290 088	210 213
		<u>1 552 808</u>	<u>1 387 845</u>

The increase in general and administrative expenses by an amount of L.E 164 963 K mainly due to the increase of salaries and wages item by an amount of L.E 91 893 K mainly due to the annual increase during the period, however the decrease in organizations services costs and consultants item by an amount of L.E. 24 219 K led to the limitation of this increase.

8. NET FINANCE COST

The increase in net finance cost by an amount of L.E 2 524 206 K during the period is mainly due to the increase in the debit interest by an amount of L.E. 1 429 583 K and net loss of foreign currencies during the period by an amount of L.E. 1 044 192 K.

9. INCOME FROM INVESTMENT IN SUBSIDIARIES

	<u>For the three months ended:</u>	
	<u>31/3/2025</u> <u>L.E. (000)</u>	<u>31/3/2024</u> <u>L.E. (000)</u>
WE-Data	3 000 000	3 002 000
Middle East Radio Communication (Merc)	5 614	5 646
The Egyptian Telecommunication Company for information system (Xceed)	312 500	125 000
Centra for Technology company (Centra)	61 699	8 814
	<u>3 379 813</u>	<u>3 141 460</u>

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

10. EMPLOYEE'S BENEFITS

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

- The employees are granted an end of service benefits through a Loyalty & belonging Fund established in January 2004 which is based on the employees' basic salary in the company.
- 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, 2025 (against an amount of L.E.65 M for the same period of 2024).

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

- The earning per share for the period is calculated as follows :

	For the three months ended :	
	31/3/2025	31/3/2024
Net profit for the period (LE in thousand)	2 675 891	4 385 365
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)	1.57	2.57

12. FIXED ASSETS AND PROJECTS UNDER CONSTRUCTION

Description	31/3/2025	31/3/2024	31/3/2025	31/3/2024	31/3/2025	31/3/2024	31/12/2024
	Cost	Cost	Accumulated depreciation	Accumulated depreciation	Net	Net	Net
	L.E.(000)	L.E.(000)	L.E.(000)	L.E.(000)	L.E.(000)	L.E.(000)	L.E.(000)
Land	2 397 556	2 397 556	-	-	2 397 556	2 397 556	2 397 556
Buildings & Infrastructure	66 081 448	55 077 329	26 098 243	23 196 823	39 983 205	31 880 506	39 237 595
Centrals & information technologies equipment	62 255 544	50 984 547	27 819 484	21 036 974	34 436 060	29 947 573	35 007 461
Vehicles	379 334	299 271	172 999	143 206	206 335	156 065	211 691
Furniture	719 209	576 697	472 475	421 476	246 734	155 221	247 396
Tools & supplies	315 324	270 067	219 571	195 325	95 753	74 742	106 055
Projects under construction	21 246 917	19 905 079	-	-	21 246 917	19 905 079	22 560 247
Total	153 395 332	129 510 546	54 782 772	44 993 804	98 612 560	84 516 742	99 768 001

- 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. 1 584 407 K, however the depreciation of the period by an amount of L.E. 2 688 290 K led to the limitation of this increase.
- The cost of fixed assets as of March 31, 2025 includes an amount of L.E. 14 086 Million fully depreciated fixed assets and still in use. (against an amount of L.E. 13 956 Million for the same period of 2024).

13. USUFRUCT ASSETS

	31/3/2025 L.E. (000)	31/12/2024 L.E. (000)
Cost		
Usufruct (projects)	2 728 891	2 599 108
Submarine cables (rights of way)	4 003 312	4 056 794
Right of way (local)	757 002	757 003
Land (possession-usufruct)	556 337	556 337
Projects under construction	2 002 143	2 024 324
	10 047 685	9 993 566
Less:		
Accumulated amortization	2 240 317	2 130 384
Net carrying amount of usufruct assets	7 807 368	7 863 182

- The decrease in net carrying value of usufruct assets mainly due to the amortization of the period by an amount of L.E.109 933 K, however the additions during the period by an amount of L.E. 85 381 K which led to the limitation of this decrease.
- Usufruct assets cost includes at March 31, 2025 an amount of L.E 429 Million (against an amount of L.E. 195 Million for the same period of 2024) usufruct assets fully amortized and still in use in operating.

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

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

	31/3/2025 L.E. (000)	31/12/2024 L.E. (000)
Cost of beginning balance	1 711 181	1 393 667
Additions	5 841	317 514
Cost of ending balance	1 717 022	1 711 181

Accumulated amortization beginning balance	870 977	641 279
Amortization for the period	56 145	229 698
Accumulated amortization Ending balance	927 122	870 977
Net carrying amount for right of use assets	789 900	840 204

	31/3/2025 L.E. (000)	31/3/2024 L.E. (000)
Amortization expense is distributed as follows:		
Operating Costs	36 911	32 459
Selling and distributing expenses	7 398	6 661
General and administrative expenses	11 836	11 873
	56 145	50 993

14-2. Lease Obligations

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

	31/3/2025	31/12/2024
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Beginning balance of Present value for lease contracts	1 069 566	920 738
Additions	5 841	317 514
Payments	(51 886)	(314 173)
interest	37 225	145 487
Net present value for lease obligations resulting from lease contracts	1 060 746	1 069 566
Less:		
Current Lease obligations	331 488	279 211
Non Current Lease obligations	729 258	790 355

15. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

	31/3/2025		31/12/2024	
	<u>Ownership</u>	<u>Amount</u>	<u>Ownership</u>	<u>Amount</u>
	<u>%</u>	<u>L.E. (000)</u>	<u>%</u>	<u>L.E. (000)</u>
15-1 Investments in subsidiaries				
- Telecom Egypt France (TE France)	100.00	69 220	100.00	69 220
- TE Infraco Limited***	100.00	25 115	-	-
- WE Data	99.99	252 461	99.99	252 461
- TE Investment Holding	99.99	39 998	99.99	39 998
- Middle East and North Africa Cables	99.00	275 277	99.00	275 277
- TE for sports investments	98.00	996	98.00	996
- Egyptian Telecommunication for Information System (Xceed)	97.66	31 250	97.66	31 250
- Centra Technology (centra)	58.76	14 737	58.76	14 737
- Middle East Radio Communication (Merc)**	49.00	7 350	49.00	7 350
15-2 Investments in associates				
- Wataneya for Telecommunications	50.00	125	50.00	125
- Vodafone Egypt Telecommunications Company	44.95	5 960 054	44.95	5 960 054
- Egypt Trust	35.71	10 000	35.71	10 000
		6 686 583		6 661 468
Less:				
Impairment loss on investments of subsidiaries and associates*		7 894		7 894
		6 678 689		6 653 574

*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, 2025 is 51%.

***TE Infraco Limited company was established in United Arab of Emirates with capital 500 K \$.

16. INVENTORIES

	31/3/2025	31/12/2024
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Spare parts	1 533 584	1 459 372
Material supplies, Merchandise for sale	5 666 801	5 757 085
Others	27 329	23 375
	<u>7 227 714</u>	<u>7 239 832</u>

The value of inventories was written down by an amount of L.E. 97 151 K (against L.E. 97 151 K as at December 31, 2024) for obsolete and slow-moving items directly from the cost of each type of related inventory.

17. TRADE AND NOTE RECEIVABLES

	31/3/2025	31/12/2024
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Trade Receivables - Local	7 250 845	5 609 491
Trade Receivables - International	11 459 312	11 153 944
	<u>18 710 157</u>	<u>16 763 435</u>
Less:		
Expected credit loss provision	3 111 035	2 933 536
Add:		
Notes receivables	391 771	387 686
	<u>15 990 893</u>	<u>14 217 585</u>

Trade and note receivables balance has increased by an amount of L.E 1 773 308 K mainly due to the increase in domestic wholesale by an amount of L.E 1 762 166 K, home and personal communications by an amount of L.E. 103 013 K and increase in international carriers by an amount of L.E 183 076 K international cables and networks by an amount of L.E. 122 292 K.

18. DEBTORS AND OTHER DEBIT BALANCES

	31/3/2025	31/12/2024
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Suppliers – advanced payments	1 080 131	1 113 834
Deposites with others	324 784	322 354
Accrued revenues	3 088 408	31 686
Tax Authority - value added tax	1 484 600	1 362 015
Due from external collection agencies	640 746	227 648
Due from ministries, organizations and companies	2 267 732	1 384 501
Temporary debts due from employees	308 926	1 134 537
Other debit balances	1 070 396	956 562
	10 265 723	6 533 137
Less:		
Expected credit loss provision	12 160	12 160
	10 253 563	6 520 977

Debtors and other debit net balances have increased by an amount of L.E. 3 732 586 K mainly due to the increase in accrued revenues as a result of income from investments by an amount of L.E. 3 044 832 K, due from ministries, organizations and companies' item by an amount of L.E. 883 231 K, however the decrease in temporary debts due from employees by an amount of L.E. 825 611 K as a result of employee dividends for the year 2024.

19. CASH AND CASH EQUIVALENTS

	Note	31/3/2025	31/12/2024	31/3/2024
	<u>No.</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Banks - time deposits (less than 3 months)		4 489 123	2 028 366	2 291 363
Banks - current accounts		4 646 519	4 938 224	5 453 035
Cash on hand		17 469	2 394	9 211
Financial assets at amortized cost - Treasury bills (less than 3 months)		2 220 138	–	1 505 861
Cash and cash equivalents		11 373 249	6 968 984	9 259 470
Less:				
Restricted cash and cash equivalents	(27)	695 251	699 599	748 590
Cash and cash equivalents as per statement of cash flows		10 677 998	6 269 385	8 510 880

20. LOANS AND CREDIT FACILITIES

The increase in the balance of loans and credit facilities by an amount of L.E. 3 389 991 K mainly resulted from company's acquisition of loans and credit facilities with local and foreign currencies during the period amounted to L.E. 3 234 364 K, in addition to the currency differences resulting from translation of loans and credit facilities balances in foreign currency amounted to L.E. 155 627 K where loans and credit facilities with local and foreign currencies on March 31, 2025 amounted to L.E. 84 116 248 K (against LE 80 726 257 K at December 31, 2024) with an amount of L.E. 43 368 112 K due within a year.

21. CREDITORS AND OTHER CREDIT BALANCES

	31/3/2025	31/12/2024
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Suppliers	4 529 667	4 120 704
Tax Authority (taxes other than income tax)	1 990 614	1 263 552
Deposits from others	1 078 796	1 047 358
Assets creditors	26 932 754	30 703 025
Dividends creditors	2 560 608	-
Accrued interests	926 506	749 806
Accrued expenses	825 155	1 738 150
Public Authority for Social Insurance	98 497	84 196
Trade receivables - credit balances	1 534 492	1 409 813
Credit balances- organizations and companies	1 038 839	992 998
Contract liabilities	13 964 516	9 809 803
National Telecommunication Regulatory Authority (NTRA)	3 431 294	2 674 088
Other credit balances	1 487 666	1 630 744
	<u>60 399 404</u>	<u>56 224 237</u>
Balances due within more than one year:		
Assets creditors	17 400 482	16 181 381
Contract liabilities	6 901 931	6 397 444
	<u>24 302 413</u>	<u>22 578 825</u>
Non current creditors and other credit balances		
Current creditors and other credit balances	<u>36 096 991</u>	<u>33 645 412</u>
Total creditors and other credit balances	<u>60 399 404</u>	<u>56 224 237</u>

Creditors and other credit balances have increased by an amount of L.E. 4 175 167 K mainly due to the increase in Contract liabilities item by an amount of L.E. 4 154 713 K , Dividends creditors item by an amount of L.E. 2 560 608 K, Tax authority (taxes other than income tax) item by an amount of L.E. 727 062 K, National telecommunication regulatory authority (NTRA) item by an amount of L.E. 757 206 K and Suppliers item by an amount of L.E. 408 963 K however the decrease in Asset creditors item by an amount of L.E. 3 770 271 K and Accrued expenses item by an amount of L.E. 912 995 K let to the limitation of this increase.

22. PROVISIONS

	31/3/2025	31/12/2024
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Balance at the beginning of the period / year	382 270	699 273
Charged to statement of income for the period / year	10 000	108 827
Provision used during the period / year	(331)	(425 830)
Balance at the end of the period / year	<u>391 939</u>	<u>382 270</u>

23. CAPITAL

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

24. RESERVES

	31/3/2025 L.E. (000)	31/12/2024 L.E. (000)
Legal reserve*	3 397 460	3 258 135
Other reserves	2 822 906	2 822 906
	6 220 366	6 081 041

*The balance of legal reserve has increased as a result of retaining an amount of L.E. 139 325 K from the profit of 2024 in accordance with the company's articles of association.

25. Income tax

25-1 Items recognized in statement of income

	For the three months ended:	
	31/3/2025 L.E. (000)	31/3/2024 L.E. (000)
Current income tax	(338 315)	(501 058)
Deferred tax	(84 007)	1 755 725
	(422 322)	1 254 667

25-2 Items recognized in statement of comprehensive income

	For the three months ended:	
	31/3/2025 L.E. (000)	31/3/2024 L.E. (000)
Deferred tax	-	2 861 842
	-	2 861 842

25-3 Recognized deferred tax assets and liabilities.

	31/3/2025		31/12/2024	
	Assets L.E.(000)	Liabilities L.E.(000)	Assets L.E.(000)	Liabilities L.E.(000)
Total deferred tax asset / (liability)	7 135 987	(2 132 399)	7 302 146	(2 214 551)
Net deferred tax assets	5 003 588	-	5 087 595	-
Deferred tax charged to the statement of income for the period / year	-	(84 007)	2 313 617	-
Deferred tax charged to the statement of comprehensive income for the period / year	-	-	2 212 956	-

25-4 Unrecognized deferred tax assets

	31/3/2025 L.E. (000)	31/12/2024 L.E. (000)
Unrecognized deferred tax assets	705 022	666 921

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

25-5 Current income tax

	31/3/2025	31/12/2024
	L.E. (000)	L.E. (000)
Tax Authority - income tax	-	-
Less:		
Advanced payments	1 193 239	1 193 239
Withholding tax	224 770	220 431
	1 418 009	1 413 670

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

26. CAPITAL COMMITMENTS

The company's capital commitments for the unexecuted parts of contracts until March 31, 2025, amounted to L.E. 2 690 million (against L.E. 2 026 million at the year ended December 31, 2024).

27. CONTINGENT LIABILITIES

In addition to the amounts included in the condensed separate interim statement of financial position, the company has the following contingent liabilities as at March 31, 2025:

	31/3/2025	31/12/2024
	LE (000)	LE (000)
- Letters of guarantee issued by banks on behalf of the company	3 063 059	3 103 401
- Letters of credit	2 690 479	2 026 325

*Letters of guarantee which were issued by banks on behalf of the company and for others on March 31, 2025 including letters of guarantee issued in exchange for a cash cover (restricted cash and equivalent) (Note No.19).

28. TAX POSITION

28-1 Corporate tax

- Tax inspection was performed for the years till December 31, 2018 and all due taxes and fines were settled for those years after implementing the law 153 of 2022 to avoid the fines due for those years.
- Financial year of 2019 is being inspected
- Tax inspection for the years from January 1, 2020 until December 31, 2023 have not been done to date.
- Tax return are submitted according to the income tax law No. 206 of 2020, its amendments and its executive regulations, also the due taxes are paid on legal dates.

28- 2 Value Added Tax \ Sales Tax

- Tax inspection for the years till December 31, 2023 was performed and the tax differences were settled for those years except the additional tax for years from 2018 till 2023.
- Tax returns are submitted according to the value added tax law and according to the law No. 206 of 2020 issuing the Unified Tax Procedures Law, and the due taxes, if any, are paid on the legal dates.

28- 3 Salary & wages Tax

- Tax inspection was performed for the years till December 31 ,2014 and the Company was notified with tax differences and all due taxes were settled.
- Tax inspection for the year 2015 till 2022 has been performed and all due taxes were settled except fines.
- Years from 2023 till the date, the company is regular in deducting and remitting taxes on legal dates according to the law No. 206 of 2020, its amendments and its executive regulations also, the tax settlement are submitted according to the provisions of law No. 206 of 2020 issuing the Unified Tax Procedures Law.

28- 4 Stamp Tax

- Tax inspection for the period starting from March 27, 1998 to December 31, 2000 was performed for certain sectors of the company, and the company was notified of the tax assessment elements, and the company filed remedies and appears against legal deadlines.
- Tax inspection for the period starting from January 1, 2001 till July 31, 2006 was performed for certain sectors of the company and tax due were settled. Tax inspection for the remaining sectors is currently being undertaken for the same period.
- Tax inspection for the period starting from August 1, 2006 to December 31, 2020 was performed and all the due taxes were settled.
- Stamp duty development was inspected for year 2020/2021 and the inspection didn't reveal any differences

28- 5 Real Estate Tax

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

Notes to the Condensed Separate Interim Financial Statements
For The Three Months Ended March 31, 2025 (continued)

Translation from Arabic

29. RELATED PARTY TRANSACTIONS

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

29-1 Transactions with subsidiaries & associates

	Amount of transactions during the period stated in the income statement L.E. 000	Nature of transaction during the period	Movement during the period Debit L.E. 000	Credit L.E. 000	Balance as of 31/3/2025 (Credit) / Debit L.E. 000	Balance as of 31/12/2024 (Credit) / Debit L.E. 000
Debit balances due from subsidiaries						
- Egyptian Telecommunication Company for Information Systems	346 100	Services rendered from subsidiary company	263 051	623 501	(3 977 276)	(3 617 426)
- Egyptian Telecommunication Company for Information Systems	37 256	Lease of subsidiary company premises, electricity claims, maintenance and leased circuits and sale of fixed assets	1 591 657	52 427	4 788 169	3 248 939
			1 855 308	675 928	810 893	(368 487)
Credit balances due to subsidiaries and associates						
- TE Globe	5 253	Maintenance & supplying devices				
- TE Globe	95 727	Telecommunications cost				
- Middle East Radio Communication (MERC)	1 326	Participation circuits contract	1 513	1 508	3 192	(20 241)
- TE Sport	21 000	Lease of club land	24 474	125	281 185	256 836
- TE Sport	5	Leased sites for subsidiary company	24 479	125	281 208	18 000
			1 977 027	749 855	1 096 341	256 854
						257 897
Total of debit balances due from subsidiaries						
	106 311	Participation contract and Purchasing of fixed assets and services rendered from subsidiaries company	5 832 596	3 416 210	1 584 354	(832 032)
	3 867 805	Leased circuits and information transfer network rendered to subsidiaries	3 409 024	11 066 043	(11 137 219)	(3 480 200)
	739 674	Royalties and shared services	843 228	-	843 228	-
			10 084 848	14 482 253	(8 709 637)	(4 312 232)
Credit balances due to subsidiaries and associates						
- WE Data	7 408	Maintenance & supplying devices	1 781	8 509	(13 423)	(6 695)
- WE Data	36 642	Maintenance & supplying devices	1 517 591	1 182 500	(1 163 672)	(1 498 763)
- TE investment Holding	44 143	Rendered services from subsidiary company	82 850	75 083	(70 184)	(77 951)
- TE investment Holding	6	Leased sites for subsidiary company	6	-	(6)	(6)
			82 856	75 083	(70 184)	(77 957)
- TE Data Jordan	44 071	Participation contract	28 815	13 824	(13 824)	(28 815)
- TE Data Jordan	-	Leased international circuits	-	33	6 120	6 153
			28 815	13 857	(7 704)	(22 662)
- TE France	21 764	Participation contract	10 600	28 672	(257 607)	(239 535)
- Mena Cable	-	Leased sites for subsidiary company	-	-	8	8
- Mena Cable	-	Purchasing of intangible assets from subsidiaries company	-	-	(2 671)	(2 671)
- Mena Cable	-	Payments on behalf of the company	-	-	978	978
- Mena Cable	5 059	Maintenance - Rendered services from subsidiary company	56 636	4 971	(170 326)	(221 991)
- Mena Cable	2 281	Paid of expenses on behalf of parent company	-	2 680	(14 428)	(11 748)
- Mena Cable	3 978	Maintenance - Rendered services to subsidiary company	4 003	-	4 003	-
- Mena Cable	-	Transfer of EISCC debt to the company	97 473	60 274	(738 799)	(775 998)
			158 112	67 925	(921 255)	(1 011 422)
- Vodafone Egypt Telecommunications Company	(1 701 054)	Outgoing calls and voice services for associate company				
- Vodafone Egypt Telecommunications Company	1 854 701	Incoming international calls, claims, transmissions lease of locations and towers for the associate company	4 597 883	3 510 834	(1 381 608)	(2 468 657)
			16 482 486	19 369 633	(12 525 070)	(10 026 651)

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

29-2 Transactions with the Egyptian government

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

29-3 Transactions with the Board of directors

On March 26, 2025, 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, 2024, in addition to attending board sessions allowances stipulated in the ordinary general assembly of the company.
