



telecomegypt®

Translation from Arabic

Telecom Egypt Company
(An Egyptian Joint Stock Company)
Consolidated Financial Statements
For the Financial Year Ended December 31, 2023
& Auditor's Report



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(An Egyptian Joint Stock Company)
Consolidated Financial Statements
For the Financial Year Ended December 31, 2023
& Auditor's Report

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Hazem Hassan

Public Accountants & Consultants

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AUDITOR'S REPORT TO THE SHAREHOLDERS OF TELECOM EGYPT COMPANY

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Telecom Egypt Company S.A.E, which comprise the consolidated statement of financial position as at December 31, 2023 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

These consolidated financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Except for the matter described in the basis for the qualified opinion section of our report, We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.



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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Basis for Qualified Opinion

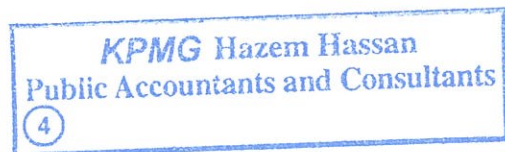
As explained note no. (17) of the notes to the consolidated financial statements, the company has investments in Vodafone Egypt (associate company) which are accounted for using the equity method in the consolidated financial statements, the company's share in the net equity of the associate company was determined as of December 31, 2023, based on consolidated financial statements for which no audit report was issued by the associate company's auditor on that date. Furthermore, we did not receive the necessary documentation to meet our audit requirements in accordance with the Egyptian Auditing Standard No. (600), titled "Using the work of another auditor" nor were we able to perform alternative audit procedures.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the basis for the qualified opinion section of our report, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Telecom Egypt Company as of December 31, 2023, and of its consolidated financial performance and cash flows for the financial year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these consolidated financial statements.

**KPMG Hazem Hassan
Public Accountants & Consultants**

Cairo, March 4, 2024





Telecom Egypt Company
(An Egyptian Joint Stock Company)
Consolidated Statement of Financial Position As of:

	Note No.	31/12/2023 L.E. (000)	31/12/2022 Reclassified L.E. (000)
Assets			
Non current Assets			
Fixed assets and projects under construction	(13)	77 846 793	59 818 733
Intangible assets (licenses and frequencies)	(14)	15 043 035	15 119 377
Usufruct assets	(15)	6 617 213	4 801 661
Right of use assets (lease contracts)	(16-1)	872 300	951 577
Investments in Equity accounted investees	(17)	14 884 865	12 184 892
Financial assets at FVOCI	(18)	83 442	74 856
Trade and notes receivables	(20)	857 855	-
Debtors and other debit balances	(21)	74 870	67 921
Total Non Current Assets		116 280 373	93 019 017
Current Assets			
Inventories	(19)	5 080 871	4 280 512
Trade and notes receivable	(20)	10 217 719	8 154 841
Current income tax	(29-6)	890 660	490 982
Debtors and other debit balances	(21)	7 192 489	6 483 080
Cash and cash equivalents	(22)	10 977 982	6 811 305
Total Current Assets		34 359 721	26 220 720
Total Assets		150 640 094	119 239 737
Equity			
Capital	(27)	17 070 716	17 070 716
Reserves	(28)	5 864 699	5 490 375
Retained earnings		27 224 185	23 289 323
Foreign entites translation reserve		707 362	402 277
Equity attributable to the shareholders of the company		50 866 962	46 252 691
Non - controlling interest	(35)	17 970	15 159
Total Equity		50 884 932	46 267 850
Non Current Liabilities			
Long term loans and credit facilities	(23)	19 725 744	20 411 441
Creditors and other credit balances	(24)	10 354 780	6 562 291
Lease obligations	(16-2)	809 090	820 864
Deferred tax liabilities	(29-3)	1 449 418	1 482 210
Total Non Current Liabilities		32 339 032	29 276 806
Current Liabilities			
Short term loans and credit facilities	(23)	29 616 014	10 414 611
Creditors and other credit balances	(24)	35 036 540	31 064 495
Lease obligations	(16-2)	253 439	291 510
Credit balances to associates	(33-1)	1 083 772	677 662
Provisions	(25)	1 426 365	1 246 803
Total Current Liabilities		67 416 130	43 695 081
Total liabilities		99 755 162	72 971 887
Total Equity and Liabilities		150 640 094	119 239 737

The attached notes on pages from (6) to (58) are an integral part of these consolidated financial statements.

Director of Financial Affairs

" Ehab Abdo "

Senior Director
of Financial Affairs

" Wael Hanafy "

Chief Financial
Officer

" Mohamed Shamroukh "

Managing Director
& Chief Executive Officer

" Mohamed Nasr "

Board of Directors approval

Chairman

" Maged Osman "

Auditor's Report "attached"



Translation from Arabic

Telecom Egypt Company
(An Egyptian Joint Stock Company)
Consolidated Statement of Income

	Note <u>No.</u>	<u>For the financial year ended:</u>	
		<u>31/12/2023</u>	<u>31/12/2022</u>
		<u>L.E.(000)</u>	<u>Reclassified</u> <u>L.E.(000)</u>
Operating revenues	(3)	56 679 153	44 273 344
Operating costs	(4)	(34 289 981)	(26 485 370)
Gross Profit		22 389 172	17 787 974
Other income	(5)	487 202	535 426
Selling and distribution expenses	(6)	(4 377 521)	(3 715 998)
General and administrative expenses	(7)	(5 512 951)	(4 366 805)
Other expenses	(8)	(446 942)	(171 145)
Expected credit loss		(272 574)	(479 215)
Operating profit		12 266 386	9 590 237
Finance income		723 515	189 481
Finance cost		(4 632 460)	(1 819 936)
Net Finance cost	(9)	(3 908 945)	(1 630 455)
Share of profit of equity accounted investees	(10)	5 032 657	2 695 038
Net profit for the year before income tax		13 390 098	10 654 820
Income tax	(29-1)	(1 917 135)	(1 467 364)
Net profit for the year after income tax		11 472 963	9 187 456
<u>Profit attributable to :</u>			
Shareholders of the company		11 465 517	9 182 184
Non-controlling interest	(35)	7 446	5 272
Net profit for the year		11 472 963	9 187 456
Basic and diluted earnings per share for the year (LE \ Share)	(12)	5.70	4.61

The attached notes on pages from (6) to (58) are an integral part of these consolidated financial statements.

*Translation from Arabic*

Telecom Egypt Company
(An Egyptian Joint Stock Company)
Consolidated Statement of Other Comprehensive Income

	<u>For the financial year ended:</u>	
	<u>31/12/2023</u>	<u>31/12/2022</u>
	<u>L.E.(000)</u>	<u>L.E.(000)</u>
Net profit for the year	11 472 963	9 187 456
<u>Other Comprehensive Income items :</u>		
Translation differences of foreign entities	305 085	442 840
Net change in fair value of financial assets at FVOCI	8 586	-
Income tax on net change in fair value of financial assets at FVOCI	(1 932)	-
	<u>6 654</u>	<u>-</u>
Translation differences of foreign currency balances	(4 471 581)	(6 229 773)
Income tax on translation differences of foreign currency balances	974 085	1 401 698
	<u>(3 497 496)</u>	<u>(4 828 075)</u>
Transferred to retained earnings during the year	3 497 496	4 828 075
Total Comprehensive Income	<u>11 784 702</u>	<u>9 630 296</u>
Attributable to :		
Shareholders of the company	11 777 256	9 625 024
Non-controlling interest	7 446	5 272
Total Comprehensive Income	<u>11 784 702</u>	<u>9 630 296</u>

The attached notes on pages from (6) to (58) are an integral part of these Consolidated Financial Statements.



Telecom Egypt Company
(An Egyptian Joint Stock Company)
Consolidated Statement of Changes in Equity
For The Financial year Ended December 31, 2023

Note No.	Capital	Legal reserve	Other reserves	Retained earnings	Foreign entities translation reserve	Total of equity attributable to Shareholders of the company	Non-controlling interest	Total
	L.E.(000)	L.E.(000)	L.E.(000)	L.E.(000)	L.E.(000)	L.E.(000)	L.E.(000)	L.E.(000)
	17 070 716	2 351 347	2 787 550	22 147 270	(40 563)	44 316 320	13 240	44 329 560
Balance as of January 1, 2022								
Comprehensive Income								
Net profit for the year	-	-	-	9 182 184	-	9 182 184	5 272	9 187 456
Translation differences of foreign entities	-	-	-	-	442 840	442 840	-	442 840
Total Comprehensive Income				9 182 184	442 840	9 625 024	5 272	9 630 296
Impact of translation differences of foreign currency balances				(4 828 075)		(4 828 075)		(4 828 075)
Transferred to legal reserve	-	351 478	-	(351 478)	-	-	-	-
Transactions with shareholders :								
Dividends of associates (Employees & Board of Directors)	-	-	-	(144 459)	-	(144 459)	-	(144 459)
Dividends for year 2021 (Employees & Board of Directors)	-	-	-	(1 008 849)	-	(1 008 849)	(556)	(1 009 405)
Dividends for year 2021 (shareholders)	-	-	-	(1 707 072)	-	(1 707 072)	(2 797)	(1 709 869)
Impact of investment disposal in subsidiaries	-	-	-	(198)	-	(198)	-	(198)
Total transactions with shareholders				(2 860 578)		(2 860 578)	(3 353)	(2 863 931)
Balance as of December 31, 2022	17 070 716	2 702 825	2 787 550	23 289 323	402 277	46 252 691	15 159	46 267 850
	17 070 716	2 702 825	2 787 550	23 289 323	402 277	46 252 691	15 159	46 267 850
Comprehensive Income								
Net profit for the year	-	-	-	11 465 517	-	11 465 517	7 446	11 472 963
Translation differences of foreign entities	-	-	-	-	305 085	305 085	-	305 085
Net change in fair value of financial assets at FVOCI	-	-	6 654	-	-	6 654	-	6 654
Total Comprehensive Income			6 654	11 465 517	305 085	11 777 256	7 446	11 784 702
Impact of translation differences of foreign currency balances				(3 497 496)		(3 497 496)		(3 497 496)
Transferred to legal reserve	-	367 670	-	(367 670)	-	-	-	-
Transactions with shareholders :								
Dividends of associates (Employees & Board of Directors)	-	-	-	(225 274)	-	(225 274)	-	(225 274)
Dividends for year 2022 (Employees & Board of Directors)	-	-	-	(1 306 375)	-	(1 306 375)	(843)	(1 307 218)
Dividends for year 2022 (shareholders)	-	-	-	(2 133 840)	-	(2 133 840)	(3 792)	(2 137 632)
Total transactions with shareholders				(3 665 489)		(3 665 489)	(4 635)	(3 670 124)
Balance as of December 31, 2023	17 070 716	3 070 495	2 794 204	27 224 185	707 362	50 866 962	17 970	50 884 932

The attached notes on pages from (6) to (58) are an integral part of these Consolidated Financial Statements.



Translation from Arabic

Telecom Egypt Company
(An Egyptian Joint Stock Company)
Consolidated Statement of Cash Flows

	Note No.	For the Financial year ended:	
		31/12/2023 L.E. (000)	31/12/2022 L.E. (000)
<u>Cash flows from operating activities</u>			
Cash receipts from customers and notes receivable		56 240 128	45 143 082
Stamp tax and fees collected (from third party)		88 019	77 496
Deposits collected from customers		59 171	57 206
Cash paid to suppliers		(14 446 007)	(12 114 469)
Cash paid for NTRA		(1 744 854)	(1 535 510)
Cash paid to Board of Directors		(32 669)	(30 809)
Cash paid to employees		(9 460 866)	(7 263 205)
Cash paid on behalf of employees to third party		(1 484 363)	(1 330 868)
Payments to Tax Authority - Taxes other than income tax		(6 983 317)	(4 749 983)
Other payments		(377 073)	(1 519 126)
Cash provided by operating activities		21 858 169	16 733 814
Interest paid		(4 264 568)	(1 081 759)
Payments to Tax Authority - income tax		(650 659)	(1 063 628)
Net cash provided by operating activities		16 942 942	14 588 427
<u>Cash flows from investing activities</u>			
Payments for purchase of fixed assets and projects under construction		(23 594 647)	(13 742 811)
Payments for purchase of intangible assets		(2 813 797)	(5 137 723)
Proceeds from sales of fixed assets and intangible assets		57 412	317
Interest received		437 811	45 694
Dividends collected from investments		1 902 040	1 173 620
Payments for purchase of financial assets at amortized cost - treasury bills		-	(596 933)
Proceeds from sale of financial assets at amortized cost - treasury bills		-	609 055
proceeds from financial assets at amortized cost - treasury bills income		96 623	17 060
Net cash used in investing activities		(23 914 558)	(17 631 721)
<u>Cash flows from financing activities</u>			
Payments for loans		(4 955 391)	(2 177 918)
Proceeds from loans		-	5 797 081
Net Proceeds form credit facilities		18 109 798	5 166 680
Payments for lease obligations		(457 655)	(304 746)
Dividends paid to shareholders		(2 137 632)	(1 709 301)
Net cash provided by financing activities		10 559 120	6 771 796
Net change in cash and cash equivalents during the year		3 587 504	3 728 502
Translation differences of foreign entities		103 388	100 296
Cash and cash equivalents at the beginning of the year	(22)	6 751 791	2 922 993
Cash and cash equivalents at the end of the year	(22)	10 442 683	6 751 791

The attached notes on pages from (6) to (58) are an integral part of these consolidated financial statements.



**Telecom Egypt Company
(An Egyptian Joint Stock Company)**

**Notes to the Consolidated Financial Statements
For the Financial Year Ended December 31, 2023**

1. BACKGROUND

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 registered office of the company is 26 Ramses Street, Cairo, Egypt.
- 70% of the company stock share are owned to the Egyptian government, 30% 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 consolidated financial statements

These consolidated financial statements were approved by the Board of Directors for issuance on March 3, 2024.

2. BASIS OF PREPERATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2-1 Statement of compliance

- The consolidated financial statements as of December 31, 2023, have been prepared in accordance with Egyptian Accounting Standards and in the light of applicable Egyptian laws and regulations.
- The company's management has applied the accounting treatment for dealing with the effects of the liberalization of exchange rates contained in summary (c) and its amendments in the Egyptian Accounting Standard No. (13) amended in 2015 "The effects of changes in foreign exchange rates" according to what is Details are given in Note No (39).



2-2 Basis of measurement

- These Consolidated 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 consolidated statement of Financial Position, while expenses are analysed in consolidated statement of income using a classification based on their function. The direct method has been used in preparing the consolidated statement of cash flows.

2-3 Functional and presentation currency

These consolidated financial statements are presented in Egyptian pound (L.E.), which is company's functional currency.

All amounts have been rounded to the nearest thousand unless other wise indicated.

2-4 Use of estimates

The preparation of the consolidated financial statements in conformity with Egyptian Accounting Standards requires 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 believed 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 ongoing basis. Accounting 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 if the revision affects both current and future periods.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

- Impairment loss on non-financial and financial assets.
- Expected credit loss.
- Net realizable value of the inventory
- Deferred tax assets and liabilities.
- Operational useful life of fixed assets.
- Provisions and contingencies

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 consolidated 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 is 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 activites



3. OPERATING REVENUES

	For the financial year ended:	
	31/12/2023	31/12/2022
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Home and personal communications	25 085 947	21 758 769
Enterprise	6 420 720	5 924 416
Domestic wholesale	8 112 739	6 340 907
International carriers	7 427 607	4 676 961
International cables and networks	9 632 140	5 572 291
	<u>56 679 153</u>	<u>44 273 344</u>

4. OPERATING COSTS

	Note <u>No.</u>	For the financial year ended:	
		31/12/2023	31/12/2022
		<u>L.E. (000)</u>	<u>Reclassified L.E. (000)</u>
Call cost		8 347 972	6 717 317
Depreciation of fixed assets*	(13)	8 012 585	6 064 233
Amortization of intangible assets (licenses and frequencies)	(14)	1 422 440	1 060 064
Amortization of usufruct assets	(15)	286 022	235 974
Amortization of right of use assets (lease contracts)	(16-1)	197 186	151 513
Salaries and wages		4 575 988	3 348 863
Company's social insurance contribution		401 364	340 998
Employees vacations allowance		12 280	6 560
Frequencies and licenses charges (NTRA)		2 520 436	2 439 718
Leased circuits		483 021	388 793
Cost of merchandise available for sale		854 985	665 506
Right of use (IRU) outside Egypt		383 312	289 632
Fuel		940 716	870 050
Spare parts		392 340	220 576
Maintenance		967 389	539 605
Organizations services costs		3 219 052	2 138 015
Electricity and water		121 221	101 752
Materials, supplies and miscellaneous printed		98 066	68 561
Transportation cost		301 055	214 673
Cost of company calls		141 414	121 208
Other operating costs		611 137	501 759
		<u>34 289 981</u>	<u>26 485 370</u>

* Reclassification was made on the comparative figures as shown in (Note no. 38-2).



5. OTHER INCOME

	For the financial year ended:	
	31/12/2023	31/12/2022
	L.E. (000)	L.E. (000)
Fines and earned delay interest	136 372	166 621
Sundry revenues	350 830	368 805
	487 202	535 426

6. SELLING AND DISTRIBUTION EXPENSES

	Note No.	For the financial year ended:	
		31/12/2023	31/12/2022
		L.E. (000)	L.E. (000)
Salaries and wages		2 017 295	1 732 275
Company's social insurance contribution		184 586	163 077
Employees vacations allowance		5 640	3 040
Depreciation of fixed assets	(13)	9 950	9 647
Amortization of right of use assets (lease contracts)	(16-1)	61 536	58 243
Advertising and marketing		1 208 732	937 354
Tax and duties		19 569	43 999
Organizations services costs		54 912	19 573
Agent`s commissions and collection organizations		702 842	624 437
Other selling and distribution expenses		112 459	124 353
		4 377 521	3 715 998

7. GENERAL AND ADMINISTRATIVE EXPENSES

	Note No.	For the financial year ended:	
		31/12/2023	31/12/2022
		L.E. (000)	L.E. (000)
Salaries and wages		3 359 680	2 654 970
Company's social insurance contribution		239 113	198 884
The company's contribution in loyalty and belonging fund	(11)	200 000	200 000
Employees vacations allowance		11 260	6 401
Depreciation of fixed assets	(13)	109 979	91 738
Amortization of right of use assets (lease contracts)	(16-1)	63 298	50 366
Organizations services costs and consultants		632 854	492 767
Tax and duties		403 636	224 549
Takaful contribution expense		182 927	153 091
Bank charges		55 080	49 475
Other general and administrative expenses		255 124	244 564
		5 512 951	4 366 805



8. OTHER EXPENSES

	Note No.	For the financial year ended:	
		31/12/2023	31/12/2022
		L.E. (000)	L.E. (000)
Provisions	(25)	339 235	9 261
Capital losses		-	40 343
Donations		95 983	106 566
Other expenses		11 724	14 975
		446 942	171 145

9. NET FINANCE COST

	For the financial year ended:	
	31/12/2023	31/12/2022
	LE (000)	Reclassified LE (000)
<u>Finance income</u>		
Interest income	536 943	134 564
Treasury bills income	101 750	24 926
Income from money market funds	17 965	11 729
Dividends income from financial assets at FVOCI	5 857	2 897
Income from prepaid tax	61 000	15 365
Total finance income	723 515	189 481
<u>Finance costs</u>		
Interest expense ***	(4 354 306)	(1 286 351)
Finance costs for credit contracts*	(278 154)	(365 274)
Net translation loss of foreign currencies balances and transactions	-	(168 311)
Total finance cost	(4 632 460)	(1 819 936)
Net finance cost	(3 908 945)	(1 630 455)

* Reclassification was made on the comparative figures as shown in (Note no. 38-2).

***The increase in interest expense is mainly due to an increase in credit facilities during the year over the previous year by an amount of 19 Billion L.E. , in addition to an increase in interest rate by 3% over the previous year.



10. SHARE OF PROFIT OF EQUITY ACCOUNTED INVESTEES

	For the financial year ended:	
	31/12/2023	31/12/2022
	L.E. (000)	L.E. (000)
Vodafone Egypt Telecommunication company	4 994 821	2 682 362
Egypt Trust	37 836	12 676
	5 032 657	2 695 038

Represented in the group's share of profits of the investee companies according to the equity method

11. EMPLOYEES' BENEFITS (Defined contribution plan)

End of service benefits (the company's contribution in loyalty and 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 December 31, 2023, approved the amendment of the subscription fee for disbursing benefits and collecting contributions to be the basic wage on 1/1/2018, provided that this amendment takes effect from 1/1/2023 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 200 M for the financial year ended in December 31, 2023 (against an amount of L.E. 200 M for year 2022) stated in the general and administrative expenses as shown in (Note no. 7).

12. BASIC AND DILUTED EARNINGS PER SHARE FOR THE YEAR

	For the financial year ended:	
	31/12/2023	31/12/2022
The holding company owner's equity :-		
Net Profit for the year (L.E. in thousand)	11 465 517	9 182 184
Less:		
Employees' share in dividends (L.E. in thousand)*	1 678 501	1 272 072
Board of Directors share (L.E. in thousand)*	53 572	32 947
Net profit for the year available for distribution (L.E. in thousand)	9 733 444	7 877 165
Number of shares available during the year (share)	1 707 071 600	1 707 071 600
Basic and diluted earnings per share for the year (LE / share)	5.70	4.61

* According to Board of Directors proposal to be presented in the Company and its Subsidiaries General Assembly for approval.



Notes to the consolidated financial statements
For the financial year ended December 31, 2023 (continued)

Translation from Arabic

13-FIXED ASSETS AND PROJECTS UNDER CONSTRUCTION

	Land L.E.(000)	Buildings & Infrastructure L.E.(000)	Technical equipment & information technologies L.E.(000)	Vehicles L.E.(000)	Furniture L.E.(000)	Tools & supplies L.E.(000)	Decoration & fixtures L.E.(000)	Fixtures on trunk radio network L.E.(000)	Project under construction L.E.(000)	Total L.E.(000)
Cost as at 1/1/2022 (Reclassified)	2,391,826	40,631,771	37,871,796	265,345	1,124,319	243,288	186,773	315	5,208,617	87,924,050
The effect of currency of resulting from balances in foreign currencies	-	994,518	1,556,228	-	-	-	-	-	463,637	3,014,383
Additions during the year	-	4,245,519	6,480,363	48,586	93,200	20,432	2,970	-	3,390,384	14,281,454
Disposals during the year	-	(231,992)	(3,157,984)	(9,475)	(6,958)	(1,588)	(52)	(315)	-	(3,408,364)
Translation differences of foreign entities	1,940	296,687	99,282	159	25,257	2	6,194	-	-	429,521
Cost as at 31/12/2022	2,393,766	45,936,503	42,849,685	304,615	1,235,818	262,134	195,885	-	9,062,638	102,241,044
The effect of currency of resulting from balances in foreign currencies	-	509,490	1,750,258	-	-	-	-	-	537,027	2,796,775
Additions during the year	-	6,573,765	9,260,614	20,472	147,330	13,643	22,195	-	7,386,864	23,424,883
Disposals during the year	-	(236,896)	(2,573,089)	(3,456)	(12,278)	(4,897)	(31)	-	(9,562)	(2,840,209)
Translation differences of foreign entities	1,319	207,040	93,114	180	25,651	2	5,956	-	-	333,262
Cost as at 31/12/2023	2,395,085	52,989,902	51,380,582	321,811	1,396,521	270,882	224,005	-	16,976,967	125,955,755
Accumulated depreciation as at 1/1/2022	-	18,636,030	19,368,160	112,633	805,880	152,118	148,937	315	-	39,224,073
Depreciation for the year	-	1,997,063	4,010,998	25,354	95,038	23,990	13,175	-	-	6,165,618
Accumulated depreciation for disposals	-	(174,183)	(3,121,211)	(9,364)	(6,891)	(1,494)	(52)	(315)	-	(3,313,510)
Translation differences of foreign entities	-	260,808	64,529	159	16,712	-	3,922	-	-	346,130
Accumulated depreciation as at 31/12/2022 (Reclassified)	-	20,719,718	20,322,476	128,782	910,739	174,614	165,982	-	-	42,422,311
Depreciation for the year	-	2,328,329	5,631,233	27,331	109,470	21,645	14,506	-	-	8,132,514
Accumulated depreciation for disposals	-	(133,883)	(2,550,005)	(2,963)	(12,183)	(4,894)	(31)	-	-	(2,703,959)
Translation differences of foreign entities	-	183,338	55,010	179	15,414	-	4,155	-	-	258,096
Accumulated depreciation as at 31/12/2023	-	23,097,502	23,458,714	153,329	1,023,440	191,365	184,612	-	-	48,108,962
Net carrying amounts as at 31/12/2022	2,395,085	29,892,400	27,921,868	168,482	373,081	79,517	39,393	-	16,976,967	77,846,793
Net carrying amounts as at 31/12/2023	2,393,766	25,216,785	22,527,209	175,833	325,079	87,520	29,903	-	9,062,638	59,818,733

- Cost of fixed assets and projects under construction includes an amount of L.E. 14,698 Million fully depreciated assets and still in use.
- Cost of fixed assets and Projects under construction includes an amount of L.E. 2,797 Million (against an amount of L.E. 3,014 million for year 2022) 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 the and related to the acquisition of these assets. (Note no. 39-3)

- Reclassification was made to the comparative figures are shown in (Note no. 38-1).

Depreciation for the year is charged to income statement as follows:

	For the financial year ended	
No.	31/12/2023 L.E.(000)	31/12/2022 L.E.(000)
Operating costs	(4)	8,012,585
Selling and distribution expenses	(6)	9,950
General and administrative expenses	(7)	109,979
	8,132,514	6,165,618



14. Intangible assets (licenses and frequencies)

	Licenses granted for mobile services	Submarine cable Licenses	Internet services Licenses	Goodwill	Projects under construction	Total
	L.E. (000)	L.E. (000)	L.E. (000)	L.E. (000)	L.E. (000)	L.E. (000)
Cost as at January 1, 2022	11 084 380	174 102	22 684	15 839	-	11 297 005
Additions during the year	-	-	-	-	6 291 032	6 291 032
The effect of foreign currencies differences	685 865	-	-	-	-	685 865
Transferred during the year	3 225 407	-	-	-	(3 225 407)	-
Translation difference of foreign entities	-	5 184	1 258	-	-	6 442
Cost at December 31, 2022 (Reclassified)	14 995 652	179 286	23 942	15 839	3 065 625	18 280 344
Cost at January 1, 2023 (Reclassified)	14 995 652	179 286	23 942	15 839	3 065 625	18 280 344
Additions during the year	-	-	900	-	575 247	576 147
The effect of foreign currencies differences	769 171	-	-	-	-	769 171
Transferred during the year	3 640 872	-	-	-	(3 640 872)	-
Translation difference of foreign entities	-	3 515	855	-	-	4 370
Cost at December 31, 2023	19 405 695	182 801	25 697	15 839	-	19 630 032
Accumulated amortization as at January 1, 2022	1 998 883	74 783	22 195	-	-	2 095 861
Amortization for the year	1 039 975	19 901	188	-	-	1 060 064
Translation difference of foreign entities	-	4 020	1 022	-	-	5 042
Accumulated amortization as at December 31, 2022	3 038 858	98 704	23 405	-	-	3 160 967
Accumulated amortization as at January 1, 2023	3 038 858	98 704	23 405	-	-	3 160 967
Amortization for the year	1 402 008	20 173	259	-	-	1 422 440
Translation difference of foreign entities	-	2 840	750	-	-	3 590
Accumulated amortization as at December 31, 2023	4 440 866	121 717	24 414	-	-	4 586 997
Net carrying amounts as at December 31, 2023	14 964 829	61 084	1 283	15 839	-	15 043 035
Net carrying amounts as at December 31, 2022 (Reclassified)	11 956 794	80 582	537	15 839	3 065 625	15 119 377

- Intangible assets (licenses and frequencies) cost includes an amount of L.E 769 171 (against an amount of L.E. 685 865 for the year 2022) 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 the and related to the acquisition of these assets. (Note no. 39-3)

- Reclassification was made to the comparative figures are shown in (Note no. 38-1).



15- USUFRUCT ASSETS

	Usufruct Projects	Submarine cables	ROU	Land (Possession)	Licenses and programs	Projects Under construction	Total
	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Cost as at January 1, 2022 (Reclassified)	620 156	2 235 184	813 570	440 684	104 551	1 010 445	5 224 590
Additions during the year	143 256	219 146	17 120	-	-	807 536	1 187 058
The effect of foreign currencies differences	3 827	-	-	-	-	63 332	67 159
Disposals during the year	-	(68 621)	(163 782)	-	(104 551)	-	(336 954)
Translation difference of foreign entities	-	82 180	17 712	-	-	-	99 892
Cost at December 31, 2022 (Reclassified)	767 239	2 467 889	684 620	440 684	-	1 881 313	6 241 745
Additions during the year	1 241 547	579 290	117 461	-	-	104 290	2 042 588
The effect of foreign currencies differences	42 474	-	-	-	-	28 890	71 364
Disposals during the year	-	(35 409)	(17 470)	-	-	-	(52 879)
Translation difference of foreign entities	-	58 470	12 079	-	-	-	70 549
Cost at December 31, 2023	2 051 260	3 070 240	796 690	440 684	-	2 014 493	8 373 367
Accumulated amortization as at January 1, 2022	15 308	940 971	343 480	-	104 551	-	1 404 310
Amortization for the year	16 907	148 442	70 625	-	-	-	235 974
Accumulated amortization for disposals	-	(11 941)	(162 401)	-	(104 551)	-	(278 893)
Translation differences of foreign entities	-	70 519	8 174	-	-	-	78 693
Accumulated amortization as at December 31, 2022 (Reclassified)	32 215	1 147 991	259 878	-	-	-	1 440 084
Amortization for the year	60 857	173 164	52 001	-	-	-	286 022
Accumulated amortization for disposals	-	(8 436)	(17 470)	-	-	-	(25 906)
Translation differences of foreign entities	-	49 987	5 967	-	-	-	55 954
Accumulated amortization as at December 31, 2023	93 072	1 362 706	300 376	-	-	-	1 756 154
Net carrying amounts as at December 31, 2023	1 958 188	1 707 534	496 314	440 684	-	2 014 493	6 617 213
Net carrying amounts as at December 31, 2022 (Reclassified)	735 024	1 319 898	424 742	440 684	-	1 881 313	4 801 661

- Cost of usufruct assets on December 31, 2023 includes an amount of L.E. 214 Million (against an amount of L.E. 360 million for the year 2022) fully depreciated assets and still in
- Usufruct assets cost includes an amount of L.E 71 364 (against an amount of L.E. 67 159 for the year 2022) 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 the and related to the acquisition of these assets. (Note no. 39-3)
- Reclassification was made to the comparative figures are shown in (Note no. 38-1).



16. Right OF USE ASSETS AND LIABILITIES (LEASE CONTRACTS)

16-1. Right of use assets (lease contracts)

	31/12/2023	31/12/2022
	<u>L.E. (000)</u>	<u>Reclassified</u> <u>L.E. (000)</u>
Cost at beginning balance	1 757 190	1 379 913
The effect of currency differences resulting from balances in foreign currencies	-	11 589
Additions	256 667	287 381
Disposals	(93 867)	(12 287)
Translation difference of foreign entities	71 217	90 594
Cost at ending balance	<u>1 991 207</u>	<u>1 757 190</u>
Accumulated amortization at beginning balance	805 613	519 002
Amortization for the year	322 020	260 122
Disposals	(48 228)	(5 560)
Translation difference of foreign entities	39 502	32 049
Accumulated amortization at ending balance	<u>1 118 907</u>	<u>805 613</u>
Net carrying amount for right of use assets	<u>872 300</u>	<u>951 577</u>

	31/12/2023	31/12/2022
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
<u>Amortization expense is distributed as follows:</u>		
Operating Costs	197 186	151 513
Selling and distribution expenses	61 536	58 243
General and administrative expenses	63 298	50 366
	<u>322 020</u>	<u>260 122</u>

- Reclassification was made on comparative figures as shown in Note No. (38-1).

16-2. Lease Obligations

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

	31/12/2023	31/12/2022
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Beginning balance of Present value for lease obligations	1 112 374	985 110
Additions	256 667	287 381
Disposals	-	(11 661)
Payments	(457 655)	(304 746)
The effect of foreign currencies differences interest	-	28 128
Translation difference of foreign entities	122 095	108 640
	29 048	19 522
Net present value for lease obligations resulting from right of use	<u>1 062 529</u>	<u>1 112 374</u>
<u>Less:</u>		
Current Lease obligations	<u>253 439</u>	<u>291 510</u>
Non Current Lease obligations	<u>809 090</u>	<u>820 864</u>



17. EQUITY ACCOUNTED INVESTEEES

	<u>31/12/2023</u>		<u>31/12/2022</u>	
	<u>Ownership</u>	<u>LE (000)</u>	<u>Ownership</u>	<u>LE (000)</u>
	<u>%</u>		<u>%</u>	
- Vodafone Egypt Telecommunication company*	44.95	14 831 246	44.95	12 169 109
- Egypt Trust**	35.71	52 369	35.71	14 533
- New matrix for technology	25.50	1 250	25.50	1 250
- Wataneya for Telecommunication***	50.00	-	50.00	-
		<u>14 884 865</u>		<u>12 184 892</u>

***Vodafone Egypt telecommunication Company**

	<u>31/12/2023</u>	<u>31/12/2022</u>
	<u>LE (000)</u>	<u>LE (000)</u>
Balance as at January 1 2023,	12 169 109	10 933 102
Share of profit of associate	4 994 821	2 682 362
Dividends received from the associate	(2 107 410)	(1 301 896)
Dividends paid to employees	(225 274)	(144 459)
	<u>14 831 246</u>	<u>12 169 109</u>

Statement of financial position

	<u>31/12/2023</u>	<u>31/12/2022</u>
	<u>LE (000)</u>	<u>LE (000)</u>
Non current assets	33 663 868	31 481 991
Current assets	19 740 733	10 537 187
Non current liabilities	(1 797 591)	(1 599 765)
Current liabilities	(29 108 985)	(23 844 389)
Equity	<u>22 498 025</u>	<u>16 575 024</u>

Statement of income

	<u>31/12/2023</u>	<u>31/12/2022</u>
	<u>LE (000)</u>	<u>LE (000)</u>
Revenues	49 353 691	38 153 354
Profit before tax	14 773 355	8 305 317
Net profit and total comprehensive income for the year	<u>11 113 000</u>	<u>5 967 999</u>
Group's share of net profit for the period - 44.95 % (2022 : 44.95 %)	<u>4 994 821</u>	<u>2 682 362</u>

- Investment shares in associate companies are accounted using the equity method, so that the initial recognition of cost, including the costs associated with the acquisition process, and subsequent measurement is made in the consolidated financial



- Investment shares in associate companies are accounted using the equity method, so that the initial recognition of cost, including the costs associated with the acquisition process, and subsequent measurement is made in the consolidated financial statements by increasing or decreasing the book value of the investment by the group's share of profits or losses and other comprehensive income in the investee company.

* The investments in Vodafone Egypt on December 31, 2023, represents the ownership of 107 869 799 shares with a percentage of 44.95% from the total shares of Vodafone Egypt.

The financial year of Vodafone Egypt ends on March 31, the equity method was applied in recognizing the investment in Vodafone Egypt when preparing the Consolidated Financial Statements as of December 31, 2023 by using the Consolidated Financial of Vodafone Egypt for the financial year ended March 31, 2023 that were authorized by the Company's management which presents the 12 months from the 1st of April 2022 till March 31, 2023, less the movements for the period from the April 1, 2022 till December 31, 2022 extracted from the consolidated Financial Statements for Vodafone Egypt as of December 31, 2022. Plus, the movements for the period from the 1st of April 2023 till December 31, 2023 extracted from the consolidated Financial information for Vodafone Egypt as of December 31, 2023, to determine the share of financial period from January 1 to December 31, 2023 of business results.

** **Egypt Trust**

	<u>31/12/2023</u> <u>LE (000)</u>	<u>31/12/2022</u> <u>LE (000)</u>
- Balance as at January 1 2023,	14 533	1 857
- Share of profit of associate	37 836	12 676
	<u>52 369</u>	<u>14 533</u>

*** The value of the investment in Wataniya for Telecommunication amounted to L.E. 125 K was fully reduced against the company's share in the losses of associates.

18. Investments in financial assets at FVOCI

	<u>31/12/2023</u> <u>LE (000)</u>	<u>31/12/2022</u> <u>LE (000)</u>
Participations in foreign satellite companies and organizations	11 856	11 856
Investments in other companies	63 000	63 000
	<u>74 856</u>	<u>74 856</u>
<u>Add:</u>		
Cumulative change in fair value	8 586	-
	<u>83 442</u>	<u>74 856</u>



19. INVENTORIES

	31/12/2023	31/12/2022
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Spare parts	1 025 685	760 576
Material supplies, Merchandise for sale	4 030 556	3 479 465
Others	24 630	40 471
	<u>5 080 871</u>	<u>4 280 512</u>

Inventory's value was written down by L.E. 81 681 K (against L.E. 204 144 K at December 31, 2022) for obsolete and slow-moving items deducted directly from the cost of each type of inventory (Note no. 26).

20. TRADE AND NOTES RECEIVABLES

	Note	31/12/2023	31/12/2022
	<u>No.</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Trade Receivables - National		6 682 449	5 650 436
Trade Receivables - International		7 071 710	4 913 163
		<u>13 754 159</u>	<u>10 563 599</u>
<u>Less:</u>			
Expected credit loss Provision	(26)	2 939 503	2 655 044
<u>Add:</u>			
Notes Receivables		260 918	246 286
		<u>11 075 574</u>	<u>8 154 841</u>
Non current trade and notes receivables		857 855	-
Current trade and notes receivables		<u>10 217 719</u>	<u>8 154 841</u>
		<u>11 075 574</u>	<u>8 154 841</u>



21. DEBTORS AND OTHER DEBIT BALANCES

	Note No.	31/12/2023 <u>L.E. (000)</u>	31/12/2022 <u>Reclassified</u> <u>L.E. (000)</u>
Suppliers – Advanced Payments		1 337 152	688 358
Deposits with others		324 409	321 016
Accrued revenues		187 465	166 533
Tax Authority – value added tax		1 414 405	2 176 439
Due from ministries, organizations, companies and franchises		1 393 255	1 113 386
Due from external collection agencies		394 018	453 071
Temporary debts due from employees		1 660 773	1 203 763
Advanced expense		74 870	123 514
Other debit balances*		<u>826 572</u>	<u>716 444</u>
		7 612 919	6 962 524
Less:			
Expected credit loss Provision	(26)	345 560	411 523
		<u>7 267 359</u>	<u>6 551 001</u>
Less balances due within more than one year:			
Prepaid expenses		<u>74 870</u>	<u>67 921</u>
Debtors and non current debit balances		<u>74 870</u>	<u>67 921</u>
Debtors and current debit balances		<u>7 192 489</u>	<u>6 483 080</u>

* Reclassification was made on the comparative figures as shown in (Note no. 38-1)

22. CASH AND CASH EQUIVALENTS

	Note No.	31/12/2023 <u>LE (000)</u>	31/12/2022 <u>LE (000)</u>
Banks - time deposits (less than 3 months)		8 465 974	3 544 872
Banks - current accounts		2 364 485	2 818 478
Cash on hand		4 638	6 767
Financial assets at amortized cost - Treasury bills (less than 3 months)		-	348 078
Investment funds documents (less than 3 months)		142 885	93 110
Cash and cash equivalents		<u>10 977 982</u>	<u>6 811 305</u>
Less:			
Restricted cash and cash equivalents at banks	(31)	535 299	59 514
Cash and cash equivalents as per statement of cash flow		<u>10 442 683</u>	<u>6 751 791</u>



Notes to the consolidated financial statements
For the financial year ended December 31, 2023 (continued)

Translation from Arabic

23. LOANS AND CREDIT FACILITIES

Description	Loan Currency	Long term loan		Balance as of 31/12/2023 L.E. (000)	Balance as of 31/12/2023 currency (000)	Balance as of 31/12/2022 L.E. (000)	Annual interest rate	Repayment schedule
		installments due within one year	installments due within more than one year					
Foreign Loans	U.S.\$	3 645 292	16 444 822	20 090 114	652 276	19 849 991	Variable interest rate	Quarter installments ending on 08/11/2029
Foreign loans	EURO	66 879	584 492	651 371	19 122	552 979	Variable interest rate	Quarter installments ending on 30/06/2036
Foreign loans	Moroccan Dirham	-	-	-	-	29 324	3.5%	Quarter installments ending on 30/04/2026
Foreign suppliers' facilities	EURO	2 693	-	2 693	79	2 073	Variable interest rate	
Bank facilities	LE	16 725 122	-	16 725 122	16 725 122	4 529 316	Variable interest rate	
Bank facilities	U.S.\$	9 035 458	2 693 150	11 728 608	380 799	5 546 493	Variable interest rate	Ending in 31/12/2026
Bank facilities	EURO	140 570	3 280	143 850	4 223	315 876	Variable interest rate	Ending in 14/10/2024
		29 616 014	19 725 744	49 341 758		30 826 052		



24. CREDITORS AND OTHER CREDIT BALANCES

	31/12/2023	31/12/2022
	<u>L.E. (000)</u>	<u>Reclassified</u>
		<u>L.E. (000)</u>
Suppliers and notes payables	8 198 306	6 048 326
Tax Authority (taxes other than income tax)	2 224 566	2 712 186
Deposits from others	816 853	621 624
Assets payables	20 017 063	18 525 210
Accrued expenses	1 473 837	1 719 261
Customers - credit balances*	5 265 871	2 588 686
Credit balances - organizations and companies	501 932	402 373
Contract liabilities **	2 113 468	1 712 178
National Telecommunication Regulatory Authority (NTRA)	3 241 808	2 154 536
Social Insurance Authority	137 252	106 567
Accrued interest	422 217	282 565
Other credit balances*	978 147	753 274
	<u>45 391 320</u>	<u>37 626 786</u>
<u>Less balances due within more than one year:</u>		
Assets payables	9 975 035	6 237 165
Contract liabilities **	379 745	325 126
Non-Current creditors and other credit balances	<u>10 354 780</u>	<u>6 562 291</u>
Current creditors and other credit balances	<u>35 036 540</u>	<u>31 064 495</u>
Total creditors and other credit balances	<u>45 391 320</u>	<u>37 626 786</u>

* Reclassification was made on the comparative figures as shown in (Note no. 38-1)

** **Contract liabilities**

	31/12/2023	31/12/2022
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Transmission systems for mobile services	292 951	371 941
Mobile services	557 639	273 538
Cabels operating and maintenance services	438 902	373 434
Internet, telecommunications services	769 502	691 297
customers compensations	54 474	1 968
	<u>2 113 468</u>	<u>1 712 178</u>



Notes to the consolidated financial statements
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Translation from Arabic

25. PROVISIONS

	Balance as of 1/1/2023	Charged to income statement	Used during the year	Translation differences	Balance as of 31/12/2023
	<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>
Claims and liabilities provision	1 246 803	339 235	(159 712)	39	1 426 365
	1 246 803	339 235	(159 712)	39	1 426 365

* Claims provision is related to contingent tax liabilities, lawsuits, compensation and social insurance claims in respect of contracting contracts.

26. IMPAIRMENT LOSS ON ASSETS

	Balance as of 1/1/2023	Charged to income statement	Reversal of impairment income statement	Used during the year	Balance as of 31/12/2023
	<u>LE (000)</u>	<u>LE (000)</u>	<u>LE (000)</u>	<u>LE (000)</u>	<u>LE (000)</u>
Impairment loss on fixed assets and projects under construction	19 590	11 724	-	-	31 314
Write-down of inventories	204 144	28 860	-	(151 323)	81 681
ECL loss on trade and notes receivables	2 655 044	336 735	-	(52 276)	2 939 503
ECL on debtors and other debit balances	411 523	-	(64 161)	(1 802)	345 560
	3 290 301	377 319	(64 161)	(205 401)	3 398 058

*ECL of Trade receivables, debtors and other debit balance was made according to expected credit loss and to verify the expected credit loss value some factors like current aging and liquidity are taken into consideration.

27. 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 L.E. 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.

28. RESERVES

	<u>31/12/2023</u>	<u>31/12/2022</u>
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Legal reserve*	3 070 495	2 702 825
Other reserve	2 794 204	2 787 550
	<u>5 864 699</u>	<u>5 490 375</u>

* General reserve amounting to L.E. 2 762 626 K as at December 31, 2023 represents the dividends transferred to the general reserve for years 1999/2000 till 2006 after deducting L.E. 1 278 797 K which represents the net adjustments on the fixed assets for land item during the years from 2005 to 2014, and transfer an amount of L.E. 2 000 000 K from general reserve to retained earnings according to Ordinary General Assembly decree which was held on March 20, 2016.

29. Income tax

29-1 Items recognized in statement of income

	<u>For the financial year ended</u>	
	<u>31/12/2023</u>	<u>31/12/2022</u>
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Current income tax	(1 360 899)	(1 602 952)
Deferred tax	(556 235)	135 588
	<u>(1 917 134)</u>	<u>(1 467 364)</u>

29-2 Items recognized in Statement of Comprehensive Income

	<u>For the financial year ended</u>	
	<u>31/12/2023</u>	<u>31/12/2022</u>
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Current income tax	137 013	1 224 686
Deferred tax on translation differences of foreign currency balances	661 876	-
Deferred tax on net change in fair value of financial assets at FVOCI	(1 932)	-
	<u>796 957</u>	<u>1 224 686</u>

29-3 Recognized Deferred tax assets and liabilities

	31/12/2023		31/12/2022	
	Assets L.E. (000)	(Liabilities) L.E. (000)	Assets L.E. (000)	(Liabilities) L.E. (000)
Fixed assets and projects under construction	-	(1 602 472)	-	(1 404 969)
Intangible assets	-	(611 842)	-	(520 059)
Currency differences	2 805 227	(18 841)	2 286 710	(332 499)
Write down of inventories	17 920	-	39 921	-
ECL loss on trade receivables and debtors and other debit balances	126 233	-	110 220	-
Provisions	4 080	-	14 715	-
Accrued liabilities	26 399	-	26 890	-
Loss on re-evaluation of investment in financial assets at FVOCI	1 881	-	3 813	-
Undistributed profit in subsidiaries and associated	-	(2 198 003)	-	(1 706 952)
Total deferred tax asset \ (liabilities)	2 981 740	(4 431 158)	2 482 269	(3 964 479)
Net deferred tax liabilities	-	(1 449 418)	-	(1 482 210)
Deferred tax charged to the statement of income for the year	32 792	-	1 511 449	-
Deferred tax in the statement of income for the year	-	(555 771)	135 588	-
Deferred tax charged to the statement of comprehensive income for the year	588 563	-	1 375 861	-

29-4 Unrecognized deferred tax assets

	31/12/2023 L.E. (000)	31/12/2022 L.E. (000)
ECL loss on trade and notes recivable	570 559	546 560
ECL loss on debtors & other debit balances	86 757	92 592
Provision for liabilities and claims	73 222	57 858
Other	7 503	15 397
	738 041	712 407

Deferred tax assets have not been recognized in respect of the above items due to uncertainty of the utilization of their benefits in the foreseeable future.

29-5 Reconciliation of effective tax rate

	For the financial year ended:	
	31/12/2023	31/12/2022
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Net profit for the year before income tax	13 390 098	10 654 820
Income tax according to the current tax law (22.5%)	3 012 772	2 397 335
Tax on dividends from subsidiaries and associates	246 395	159 650
<u>Add / (Less):</u>		
Tax rate difference for subsidiaries outside Egypt	4 971	2 555
Provisions and impairment	19 340	39 933
Exempted investments income	(543 299)	(364 426)
Foreign tax paid outside Egypt	(12 235)	(17 313)
Adjustments on other items	(538 667)	(421 175)
Currency translation difference	(803 155)	(520 412)
Adjustments on retained earnings	40 531	70 470
Adjustments on previous years	82	16 094
Tax on undistributed profit in subsidiaries and associates	490 400	104 244
Income tax	1 917 135	1 466 955
Effective tax rate	14.32%	13.77%

29-6 Current income tax

	31/12/2023	31/12/2022
		<u>Reclassified</u>
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Tax Authority - income tax	(704 430)	(1 390 689)
<u>Less:</u>		
Advanced payments	1 252 941	627 089
Tax Authority - withholding tax	296 597	1 239 255
Prepaid income tax	45 552	15 327
	890 660	490 982

*Reclassification was made on the comparative figures as shown in (Note no. 38-1)

30. CAPITAL COMMITMENTS

The company's capital commitments for the unexecuted parts of contracts until December 31, 2023 amounted to L.E. 1 771 Million (against L.E. 2 776 Million as at December 31, 2022)

31. CONTINGENT LIABILITIES

In addition to the amounts included in the consolidated statement of financial statements, there are the following contingent liabilities on December 31, 2023:

	31/12/2023	31/12/2022
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
- Letters of guarantee issued by banks on behalf of the company*	3 475 500	3 140 560
- Letters of credit	1 554 291	2 882 470

* Letters of guarantee which were issued by banks on behalf of the company and for the benefits of others as at December 31, 2023 include letters of guarantee have been issued against restricted cash and cash equivalent at banks (Note no.22).

32. TAX POSITION

32-1 Corporate tax

- Tax inspection was performed for the years till December 31, 2018 and all due taxes were settled and the fines are being settled.
- 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, and the due tax is paid on legal dates.

32- 2 Value Added Tax \ Sales Tax

- Tax inspection for the years till December 31, 2017 was performed and the tax differences were settled and the fines are being settled
- 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 tax, if any, is paid on the legal dates.

32- 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 tax on legal dates according to the law No. 206 of 2020, its amendments and its executive regulations, and the tax settlement is submitted according to the provisions of law No. 206 of 2020 issuing the Unified Tax Procedures Law.

32- 4 Stamp Tax

- Tax inspection for the period 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 a grievance and challenged the legal deadlines.
- Tax inspection for the period from January 1, 2001 till July 31, 2006 was performed for certain sectors of the company and taxes due were settled. Tax inspection for the remaining sectors is currently being undertaken for the same period.
- Tax inspection for period from August 1, 2006 to December 31, 2020 was performed and due taxes were settled.

32- 5 Real Estate Tax

- All taxes are paid according to the tax 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 on the due dates.



Notes to the consolidated financial statements
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Translation from Arabic

33. RELATED PARTY TRANSACTIONS

There are transactions between Telecom Egypt and its associates. Transactions during the year and balances on the financial statements date are stated as follows:

Nature of translation	Amount of transactions		Transaction volume		Balance as of	
	during the year recorded in the income statement	during the year	during the year	31/12/2023	31/12/2022	Debit/(Credit)
<u>during the year</u>	<u>L.E. 000</u>	<u>L.E. 000</u>	Debit <u>L.E. 000</u>	Debit/(Credit) <u>L.E. 000</u>	Credit <u>L.E. 000</u>	Debit/(Credit) <u>L.E. 000</u>
Vodafone Egypt Telecommunications Company						
Outgoing calls and voice services to the associates company	3 366 524		8 422 544	(1 083 772)	8 828 654	(677 662)
Incoming and international calls, transmission claims & lease of company premises and towers to the associates company	4 179 914					
Telecommunications Services		-				
			<u>8 422 544</u>	<u>(1 083 772)</u>	<u>8 828 654</u>	<u>(677 662)</u>

33-1 Credit balances due to associates



33-2 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 the governmental entities, including revenues, costs, and other expenses, transactions related to taxes, social insurance and customs.

33-3 Transactions with the Board of directors

On March 28, 2023, The Company’s ordinary general assembly decided to approve the disbursement of an amount of L.E 15 250 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, 2022, in addition to board sessions allowances stipulated in the ordinary general assembly of the company.

34. GROUP ENTITIES

Parent company’s direct and indirect share in subsidiaries companies on December 31, 2023 which were included in the consolidated financial statements are as follows:

<u>Company name</u>	<u>Country of incorporation</u>	<u>Ownership interest</u>	
		<u>31/12/2023</u>	<u>31/12/2022</u>
Telecom Egypt France	France	100.00 %	100.00 %
WE Data	Egypt	100.00 %	100.00 %
T.E Data Jordan	Jordan	100.00 %	100.00 %
TE Investment Holding	Egypt	100.00 %	100.00 %
The Egyptian Telecommunication Company for Information Systems (Xceed)	Egypt	100.00 %	100.00 %
Xceed Customer Care Maroc	Morocco	100.00 %	100.00 %
Xceed Customer Care Mauritius	Mauritius	100.00 %	100.00 %
Xceed Customer Care FZCO	Emirates	100.00 %	- %
AL-MASRIAH for IT Systems Company	Saudi Arabia	100.00 %	0.00 %
Centra Technologies	Egypt	100.00 %	100.00 %
Centra Industries	Egypt	100.00 %	100.00 %
Telecom Egypt Globe	Singapore	100.00 %	100.00 %
Egyptian International Submarine Cables Company (EISCC)**	Egypt	100.00 %	100.00 %
Middle East and North Africa Submarine Cables Company (MENA) **	Egypt	100.00 %	100.00 %
MENA Cable Italy	Italy	100.00 %	100.00 %
TE for sports investment*	Egypt	100.00 %	100.00 %
Middle East Radio Communication (MERC)	Egypt	51.00 %	51.00 %

*The Extraordinary General Assembly of the company, which was held on February 20, 2023 decided to change the purpose of the company and it is reflected in the commercial register.

** According to the decisions of the extraordinary general assembly meetings of the companies referred to above, the Egyptian International Submarine Cables Company (EISCC), the merged company, will be merged into the Middle East and North Africa Submarine Cables Company (MENA CABLE), the merging company, and legal measures are being taken regarding the implementation of this merger.



35. Non-controlling interest

The non-controlling interest in the subsidiaries companies on December 31, 2023 which were included in the consolidated financial statements are as follows.

<u>Middle East Radio Communication (MERC)</u>	<u>31/12/2023</u>	<u>31/12/2022</u>
NCI Percentage	49%	49%
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Non current assets	9 137	11 813
Current assets	133 048	112 182
Non current liabilities	1 904	2 359
Current liabilities	103 610	90 704
Net assets	36 671	30 932
Net assets attributable to NCI	17 970	15 159
	<u>31/12/2023</u>	<u>31/12/2022</u>
	<u>L.E (000)</u>	<u>L.E (000)</u>
Net profit of the year	16 004	10 757
Other comprehensive income	-	-
Total comprehensive income	16 004	10 757
Net profit - NCI	7 446	5 272
Other comprehensive income - NCI	-	-
	<u>31/12/2023</u>	<u>31/12/2022</u>
	<u>L.E (000)</u>	<u>L.E (000)</u>
Cash flows from operating activities	16 527	10 805
Cash flows from investing activities	(1 371)	(516)
Cash flows from financing activities	(7 738)	(5 570)
Net increase in cash and cash equivalents	7 418	4 719



36. FINANCIAL INSTRUMENTS

36-1 Credit risk

The carrying amount of financial assets represents the maximum credit risk exposure. The maximum exposure to credit risk at the consolidated statement of financial position date as follows: -

Description	Note <u>No.</u>	31/12/2023 <u>L.E. (000)</u>	31/12/2022 <u>L.E. (000)</u>
Trade and notes receivable	(20)	11 075 574	8 154 841
Debtors and other debit balances	(21)	7 192 489	6 483 080
Cash and cash equivalents	(22)	10 973 344	6 804 538
		<u>29 241 407</u>	<u>21 442 459</u>

Description	Carrying Amount <u>L.E. (000)</u>	Due 30 day <u>L.E. (000)</u>	Due from 31 day to 90 day <u>L.E. (000)</u>	Due from 91 day to 180 day <u>L.E. (000)</u>	Due from day to 181 day 270 <u>L.E. (000)</u>	More than day 270 <u>L.E. (000)</u>	Total <u>L.E. (000)</u>
<u>December 31, 2023</u>							
Expected credit loss rate	1%	4%	5%	10%	13%	42%	
Gross carrying amount	836 185	3 224 388	5 141 159	3 495 895	2 752 306	5 245 337	20 695 270
Expected credit loss Provision	6 211	117 273	250 990	332 544	369 057	2 208 987	3 285 062
<u>December 31, 2022</u>							
Expected credit loss rate	1.1%	3.1%	4.1%	5.5%	12.0%	45.8%	
Gross carrying amount	469 302	3 102 586	4 206 937	2 483 173	1 973 862	5 290 263	17 526 123
Expected credit loss Provision	5 269	95 632	171 202	136 958	236 987	2 420 519	3 066 567



36-2 Liquidity risk

The following are the expected maturities of financial liabilities at the consolidated financial position date:

Description	Total	One year or less	From 1-2 years	From 3-5 years	More than 5 years
	<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>December 31, 2023</u>					
Creditors and other credit balances	46 713 320	35 320 540	9 758 071	734 372	900 337
Loans and credit facilities	58 934 278	36 050 973	6 251 054	15 584 589	1 047 662
Lease obligations	1 497 136	357 103	374 587	301 683	463 763
	<u>107 144 734</u>	<u>71 728 616</u>	<u>16 383 712</u>	<u>16 620 644</u>	<u>2 411 762</u>
<u>December 31, 2022</u>					
Creditors and other credit balances*	38 435 249	31 238 174	5 785 070	591 010	820 995
Loans and credit facilities	36 514 276	12 002 661	6 068 212	15 818 239	2 625 164
Lease obligations	1 735 861	454 902	619 976	270 190	390 793
	<u>76 685 386</u>	<u>43 695 737</u>	<u>12 473 258</u>	<u>16 679 439</u>	<u>3 836 952</u>

* Reclassification was made on the comparative figures as shown in (Note no. 38-1)



Notes to the consolidated financial statements
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Translation from Arabic

36 - FINANCIAL INSTRUMENTS (CONTINUED)

36-3 Currency risk exposure:

Description	U.S. Dollars (000)	Euro (000)	Canadian Dollar (000)	Maroccan Dirham (000)	Jordanian Dinar (000)	Mauritius robia (000)	Saudi riyal (000)	Emirate Dirhams (000)	Total L.E. (000)
December 31, 2023									
Trade receivables	164 747	24 104	3 351	60 855	-	20 173	-	-	6 174 073
Debtors and other debit balances	1 932	715	1 758	31 930	294	15 768	28	112	247 573
Cash & cash equivalents	300 869	17 466	73	38 451	3 546	35 799	450	266	0 165 006
Total assets in currency	467 548	42 285	5 182	131 236	3 840	71 740	478	378	16 586 652
Creditors & other credit balances	203 858	323 833	-	-	-	-	-	-	17 440 525
Foreign loans & facilities	926 372	23 424	-	-	-	-	-	-	29 330 158
Total liabilities in currency	1 130 230	347 257	-	-	-	-	-	-	46 770 683
Risk surplus (deficit)	(662 682)	(304 972)	5 182	131 236	3 840	71 740	478	378	(30 184 031)
Equivalent in Egyptian Pound	(20 410 371)	(10 388 288)	120 734	340 144	106 538	40 420	3 637	3 155	(30 184 031)
December 31, 2022									
Trade receivables	314 933	17 464	7 707	35 793	-	22 516	-	-	5 414 216
Debtors and other debit balances	5 369	427	717	24 591	110	2 904	-	-	145 319
Cash & cash equivalents	75 922	4 922	1	51 926	3 321	25 195	-	-	1 447 681
Total assets in currency	396 224	22 813	8 425	112 310	3 431	50 615	-	-	7 007 216
Creditors & other credit balances	372 011	233 685	-	100 749	1 633	37 872	-	-	10 209 084
Foreign loans & facilities	905 187	39 058	-	-	-	-	-	-	14 896 685
Total liabilities in currency	1 277 198	272 743	-	100 749	1 633	37 872	-	-	25 105 769
Risk surplus (deficit)	(880 974)	(249 930)	8 425	11 561	1 798	12 743	-	-	(18 098 553)
Equivalent in Egyptian Pound	(13 822 479)	(4 442 798)	103 335	19 399	39 532	4 458	-	-	(18 098 553)

Exchange rates for currencies against Egyptian pound:

	Average exchange rate during:		Closing exchange rate as at:	
	2023	2022	31/12/2023	31/12/2022
U.S. Dollar	L.E. 30.2435	L.E. 19.3754	L.E. 30.8000	L.E. 24.6850
Euro	32.7165	20.3850	34.0634	26.2254
Canadian Dollar	22.7700	14.0700	23.3000	18.1600
Saudi Riyal	8.1800	6.5000	8.2100	6.5900
Maroccan Dirham				
Jordanian Dinar				
Mauritius robia				
Emirate Dirhams				



36-4 Sensitivity analysis

A 10% strengthening of the foreign currencies against the EGP as of December 31, 2023 may lead to losses increase by an amount of L.E 3 018 403 K (L.E. 1 809 855 K as of December 31, 2022). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis was performed on the same basis on 2022.

And a 10% weakening of the foreign currencies against L.E. at December 31, 2023 would have had the equal but opposite effect on the foreign currencies to the amounts shown above.

36-5 Interest rate risk

At the consolidated financial statements date, the interest rate profile of the company's financial instruments is:

Description	Note No.	31/12/2023 L.E. (000)	31/12/2022 L.E. (000)
<u>Financial instruments with variable interest rate</u>			
Financial assets – deposits	(22)	8 465 974	3 544 872
Financial liabilities (loans-credit facilities)	(23)	49 341 758	30 826 052

36-6 Fair values for financial instruments

The financial instruments are represented in the balance of cash on hand and at banks, loans and credit facilities, trade receivables, investments, debtors and creditors balances.

According to the valuation techniques followed in evaluating the assets and liabilities of the group, the carrying value of these financial instruments represents areasonable estimate of their fair value.



37 - Segment reporting

As of the group activity level, the group of company defined the main operating activity segments and its prepared according to service provided. The information presented after the elimination of inter-segment transaction. The main operating activities segments for the group represented as follows:

For the financial year ended 31/12/2023					
Description	Communications, marine cables and infrastructure <u>L.E. (000)</u>	Internet <u>L.E. (000)</u>	Outsourcing <u>L.E. (000)</u>	All other <u>L.E. (000)</u>	Total <u>L.E. (000)</u>
Operating revenues	32 929 028	21 261 464	2 036 357	452 304	56 679 153
Operating costs	(20 980 227)	(11 789 969)	(1 141 379)	(378 406)	(34 289 981)
Gross profit	11 948 801	9 471 495	894 978	73 898	22 389 172
Credit interest	622 454	66 011	5 586	23 607	717 658
Debit interest and Finance cost	(4 595 439)	(8 571)	(11 019)	(17 431)	(4 632 460)
Depreciation and amortization	(6 963 031)	(2 983 850)	(205 800)	(10 315)	(10 162 996)
The company's share of profit in associates companies	5 032 657	-	-	-	5 032 657
Non cash items					
ECL loss on financial assets	(258 294)	18 139	(35 928)	3 509	(272 574)
Provisions	(83 344)	(233 440)	(14 504)	(7 947)	(339 235)
Total assets	138 588 824	9 393 277	1 812 624	845 369	150 640 094
Total liabilities	92 528 439	3 556 818	866 933	2 802 972	99 755 162

For the financial year ended 31/12/2022					
Description	Communications, marine cables and infrastructure <u>L.E. (000)</u>	Internet <u>L.E. (000)</u>	Outsourcing <u>L.E. (000)</u>	All other <u>L.E. (000)</u>	Total <u>L.E. (000)</u>
Operating revenues	24 152 600	18 059 336	1 622 463	438 945	44 273 344
Operating costs *	(15 532 995)	(9 581 541)	(964 962)	(405 872)	(26 485 370)
Gross profit	8 619 605	8 477 795	657 501	33 073	17 787 974
Credit interest	141 150	29 339	3 354	12 741	186 584
Debit interest and Finance cost*	(1 632 794)	(1 647)	(11 417)	(5 767)	(1 651 625)
Depreciation and amortization *	(5 185 478)	(2 373 894)	(155 371)	(7 035)	(7 721 778)
The company's share of profit in associates companies	2 695 038	-	-	-	2 695 038
Non cash items					
ECL loss on financial assets	(403 970)	(69 225)	(8 591)	2 571	(479 215)
Provisions	-	(9 261)	-	-	(9 261)
Total assets *	110 785 266	6 772 012	1 146 655	535 804	119 239 737
Total liabilities *	66 438 607	2 333 516	626 406	3 573 358	72 971 887

*Reclassification was made on the comparative figures as shown in (Note no. 38)



38- COMPARATIVE FIGURES

- Reclassification was made to some of the comparative figures of the consolidated statement of financial position, consolidated statement of income to conform to the current presentation of the consolidated financial statements.
- The following is the effect of reclassification on the consolidated financial statements:

38-1 Effect on the consolidated statement of financial position

	<u>31/12/2022</u> <u>as previously</u> <u>reported</u> <u>debit / (credit)</u> <u>L.E.(000)</u>	<u>Reclassification</u> <u>debit / (credit)</u> <u>L.E.(000)</u>	<u>31/12/2022</u> <u>Reclassified</u> <u>debit / (credit)</u> <u>L.E.(000)</u>
Fixed assets and projects under constructions	49 784 679	10 034 054	59 818 733
Projects under constructions	14 009 576	(14 009 576)	-
Contract Assets	1 348 006	(1 348 006)	-
Intangible assets (licenses and frequencies)	-	15 119 377	15 119 377
Usufruct assets	-	4 801 661	4 801 661
Right of use assets (lease contracts)	-	951 577	951 577
Other assets	15 549 087	(15 549 087)	-
Current income tax	-	490 982	490 982
Debtors and other debit balance (current)	7 628 275	(1 145 195)	6 483 080
Creditors and other Credit balances (current)	(31 055 503)	(8 992)	(31 064 495)
Accrued income tax	(663 205)	663 205	-

38-2 Effect on the consolidated statement of income

	<u>31/12/2022</u> <u>as previously</u> <u>reported</u> <u>(debit)/credit</u> <u>L.E. (000)</u>	<u>Reclassification</u> <u>(debit)/credit</u> <u>L.E. (000)</u>	<u>31/12/2022</u> <u>Reclassified</u> <u>(debit)/credit</u> <u>L.E. (000)</u>
Operating costs	(26 038 133)	(447 237)	(26 485 370)
Finance cost	(2 267 173)	447 237	(1 819 936)



39- SIGNIFICANT EVENTS

39-1 The effect of exchange rate liberalization

In light of the current global and local economic circumstances and geopolitical risks, the Central Bank of Egypt has taken some financial measures during the years 2022 and 2023 to contain the impact of these circumstances and risks on the Egyptian economy, and among these are the devaluation of the Egyptian pound against foreign currencies, and increasing the interest rate on overnight deposit and the lending rate in addition to setting maximum limits on cash withdrawals and deposits in banks. Resulting in a decrease in the Interchange and availability of foreign currencies, which may result in negative effects.



39-2 The impact of applying appendix B and C of the Egyptian Accounting Standard No. (13) "Effects of Changes in Foreign Exchange Rates"

On March 6, 2023, the Prime Minister's Decree No. (883) of 2023 was issued amending some 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
<p>Egyptian Accounting Standard No. (10) amended 2023 "Fixed Assets" and Egyptian Accounting Standard No. (23) Amended 2023 "Intangible Assets".</p>	<p>1- These standards were reissued in 2023, allowing the use of revaluation model when subsequent measurement of fixed assets and intangible assets.</p> <ul style="list-style-type: none"> - 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: <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> <ul style="list-style-type: none"> - 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. - 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 	<p>No impact on financial statement from applying the amendments on this standard</p> <p>No impact on financial statement from applying the amendments on this standard</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, retrospectively, 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>



New or reissued standards	Summary of the most significant amendments	impact on the financial statements	Effective date
<p>Egyptian Accounting Standard No. (34) amended 2023 "Investment property"</p>	<p>surplus account in equity at the beginning of the earliest period presented.</p> <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 " 	<p>No impact on financial statement from applying the amendments on this standard</p>	<p>The amendments of adding the option to use the fair value model are effective for financial periods starting <u>on or after January 1, 2023</u> retrospectively, 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.</p>
<p>Egyptian Accounting Standard No. (50) "Insurance Contracts".</p>	<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: 	<p>No impact on financial statement from applying the amendments on this standard</p>	<p>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.</p>



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

39-3 The issuance of Annex (C) the amendment accompanying the Egyptian Accounting Standard No. (13) "The Effects of Changes in Foreign Exchange Rates":

- On May 17, 2023, Prime Minister's Decision No. 1847 of 2023 was issued to replace some of the provisions of the paragraphs with Appendix C accompanying Egyptian Accounting Standard No. (13) amended in 2015 "The Effects of Changes in Foreign Currency Exchange Rates" added by Prime Minister's Decision No. 4706 of the year 2022, which deals with the special accounting treatment for dealing with the effects of the liberalization of foreign exchange rates ,This Appendix and its amendments, and these treatments are as follows:

1. An establishment that, prior to the date of moving 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 the debit currency differences resulting from the settled part 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 December 31, 2023 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. 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 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 December 31, 2023 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 , less any currency translation differences that have been recognized as cost of assets in accordance with paragraph 7 of this Appendix. Considering that these differences were mainly caused by the unusual movements of the exchange rate.



The application of those treatments has affected the consolidated financial statements for the current year as follows:

<u>Item</u>	Before applying the accounting treatment	The impact of applying the accounting treatment	After applying the accounting treatment
	Debit / (Credit)	Debit / (Credit)	Debit / (Credit)
	<u>L.E(000)</u>	<u>L.E(000)</u>	<u>L.E(000)</u>
	<u>31/12/2023</u>		<u>31/12/2023</u>
1-Statement of financial position			
Fixed assets and projects under construction	75 050 018	2 796 775	77 846 793
Intangible assets (licenses and frequencies)	14 273 864	769 171	15 043 035
Usufruct assets	6 545 849	71 364	6 617 213
Deferred tax Liabilities	(4 040 124)	2 590 706	(1 449 418)
Retained earnings	(30 721 681)	3 497 496	(27 224 185)
2- Statement of income			
Finance cost	12 741 351	(8 108 891)	(4 632 460)
Depreciations and amortizations	9 604 276	558 720	10 162 996
Income tax	(2 891 220)	974 085	(1 917 135)
Basic and diluted earnings per share	2.23	3.47	5.70
3-Statement of other comprehensive			
Translation differences of foreign currency balances	-	(4 471 581)	(4 471 581)
Income tax on translation differences of foreign currency balances	-	383 590	383 590



31-4 The company's main shareholder offered 10% of the company's capital in the secondary market on the Egyptian Stock Exchange

The Board of Directors of Telecom Egypt decided in its session held on May 11, 2023, to approve the company's signing of the information memorandum regarding the offering of the main shareholder (the Egyptian government) in the company for 10% of the company's capital in the secondary market on the Egyptian Stock Exchange on May 11, 2023. So the government's shares to become 70% instead of 80% of the company's capital.

40. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the Consolidated Financial Statements as of December 31, 2022.

Certain comparative figures have been reclassified to conform to the current presentation of the Consolidated Financial Statements (note no.38).

40-1 Basic of consolidation

- The business combination inside the group is accounted for using the acquisition method when control is transferred to the group.
- Both the transferred consideration, as well as the identifiable net value of acquired assets at the time of acquisition, are measured at fair value.
- An impairment test is performed annually for the goodwill (if any) resulting from the acquisition Any gain from a negotiated purchase is recognized immediately in profit or loss.
- The costs related to the acquisition are treated as an expense in the periods in which costs are incurred and services are received, with one exception, which is the issuance of securities against indebtedness or equity.
- The transferred consideration does not include the amounts paid to settle pre-existing relationships between the acquirer and the acquirer, and these amounts are usually recognized in profit or loss.
- The contingent consideration is measured at fair value on the date of acquisition, and in the event that the obligation to pay the contingent consideration satisfies the conditions specified for the definition of an equity instrument, it is classified under equity and is not re-measured and the subsequent settlement is processed within equity, unlike the foregoing, any material consideration Another contingency that is re-measured to fair value at the date of preparing the financial statements with any changes in fair value recognized in profit or loss.

A. Subsidiaries

- Subsidiaries consolidated financial statements includes all controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases.

B. Non-controlling interests

- NCI are measured at their proportionate share of the acquirer's identifiable net assets at the acquisition date. A change in the group's interest in a subsidiary that do not result in a loss of control are accounted in as equity transactions.

C. Loss of control

When the Group losses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.



D. Investments in associates (equity accounted investees)

Associates are those entities in which the Group has significant influence but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for using the equity method (equity accounted investees) and are recognized initially at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses, if any and the investment is reduced by its share in dividends. The Consolidated Financial Statements include the Group's share of income, and expenses of equity accounted investee, after adjustments to align accounting policies with those of the Group, from the date that significant influence commences to the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

E. Transactions eliminated for consolidation

Intra-group balances and transactions, and any unrealized gains or losses and income or expenses arising from Intra-group transactions, are eliminated in preparing the Consolidated Financial Statements. Unrealized gains arising from transactions with equity accounted investees are eliminated to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

40-2 Foreign currencies translation

Transactions in foreign currencies are translated to functional currencies of the Group entities using the exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the reporting date to the functional currencies using the exchange rate at that date. Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rate at that date of the transaction. Foreign currency differences arising from retranslation are recognized in the consolidated statement of income except for what was included in the statement of comprehensive income as a result of applying the accounting treatment of Annex (C) the amendment accompanying the Egyptian Accounting Standard No. (13) "The Effects of Changes in Foreign Exchange Rates".

40-3 Fixed assets and depreciation

(A) Recognition and measurement

- Items of property, plant and equipment are measured at historical cost less accumulated depreciation and accumulated impairment losses.
- The cost of fixed assets include expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Where parts of an item of fixed assets have different useful lives, their depreciation is accounted for as separate items.

Gains and losses on disposal of an item of fixed assets are determined by comparing the proceeds from disposal with the carrying amount of the assets and they are recognized in consolidated statement of income.

(B) Subsequent costs

The cost of replacing part of an item of property, fixed assets is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of fixed assets are recognized in consolidated statement of income.



(C) Depreciation

Depreciation is recognized in profit or loss according to a straight-line method over the estimated useful life of fixed assets. Land is not depreciated.

The current year estimated useful lives for the fixed are as follows:

	<u>Estimated useful life /year</u>
Buildings and Infrastructure	5 - 50
Technical equipment and information technologies	3 - 15
Vehicles	7 - 15
Furniture	5 - 10
Tools and supplies	2 - 8

40-4 Other assets (intangible assets, Usufruct assets and right of use assets)

Other assets are licenses, submarine cables, right-of-way, land-possession and usufruct that can be controlled and which It is expected that future economic benefits will flow to the company.

Other assets are measured at purchased cost including any expenses that are directly attributable to preparing the asset for its intended use, net of accumulated amortization and impairment losses. Amortization is recognized in profit and loss on a straight-line basis over the estimated useful lives of other assets from the date that they are available for use.

40-4-1 Licenses

Licenses are measured initially at cost. Amortization is charged to the statement of income on a straight-line basis over the period of its expected use or the term of the underlying agreement, whichever is shorter.

40-4-2 Right of way and right of use

The Group recognizes an intangible asset arising from a right of way and right of use of other assets when it has the right for usage of the assets. An intangible asset is measured initially at cost upon initial recognition. Subsequent to initial recognition the intangible asset is measured at cost, less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over the shorter of the period of its expected use which ranges from 10 to 20 years and the term of the underlying agreement, starting from the date of the acquisition of the right.

40-5 Projects in Progress

The amounts incurred for construction or purchases of fixed assets are recorded at cost as projects in progress till being ready for the intended use in operations. Then, they are transferred to fixed assets with its cost.

40-6 Investments in associate companies

Investments in associate companies are recorded at the time of acquisition at the cost of the acquisition, and in the event of impairment in their recoverable value for any of their investment from the book value, the book value is adjusted by the value of this impairment and charged to the income statement, for each investment separately.

40-7 Financial Instruments

1) recognition and initial measurement

Trade receivables and debt securities issued are initially recognized at their inception. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.



A financial asset (unless they are trade receivables without a significant financing component) or a financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. trade receivables without a significant financing component are initially measured at the transaction price.

2) Subsequent classifications and measurement

Financial Assets - Policy applicable from 1 January 2021

Upon initial recognition, the financial asset is classified and measured at amortized cost, at fair value through other comprehensive income - debt securities, at fair value through other comprehensive income - equity instruments, or fair value through profit or loss.

Financial assets are not reclassified after initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the initial reporting period following the change in business model.

- A financial asset is measured at amortized cost if it meets both of the following conditions and has not been designated at fair value through profit or loss:
- If the retention of these assets is within the management's business model for the purpose of collecting future cash flows.
- If the contractual terms of these financial assets specify a specific date for the cash flows (principal and interest on the remaining unpaid principal amount).

Debt instruments are also measured at fair value through other comprehensive income if they meet the following conditions and if they were not previously classified as financial assets at fair value through profit or loss statement:

- If the retention of these assets within the business model of management includes both the collection of future cash payments and the sale of financial assets.
- If the contractual terms of these financial assets specify a specific date for the cash flows (principal amount and interest on the remaining unpaid principal amount).

Upon initial recognition of equity instruments that are not held for trading, the company may choose in a non-adjustable manner to present the subsequent changes in the fair value of these investments in the statement of other comprehensive income so that this choice is made for each investment separately.

All financial assets that are not measured at amortized cost or at fair value through the statement of other comprehensive income mentioned above must be measured at fair value through profit or loss statement, and this includes all derivative financial assets. Upon initial recognition, the company has the option to irrevocably choose classification and measurement financial assets at fair value through the statement of profit or loss and other comprehensive income if this substantially reduces the accounting mismatch that may arise.



The accounting policies related to the application are similar to the accounting policies followed by the company, with the exception of the following accounting policy, which became effective as of January 1, 2021.

Financial Assets - Business Model Evaluation: Policy Applicable from January 1, 2021

The company makes an evaluation of the objective of the business model in which the financial asset is held at the portfolio level because this reflects the best way of managing the business and providing information to management. The information taken into account includes: The information taken into account includes:

- The policies and objectives set for the portfolio and the operation of those policies in practice. This includes whether the management's strategy was to focus on generating contractual interest income, maintaining a certain interest rate, matching the term of financial assets to the term of any related liabilities or cash outflows or realizing cash flows through the sale of assets and
- How to evaluate the performance of the portfolio and report to the company's management about it and

The risks that affect the performance of the business model (and the financial assets held within the business model) and how those risks are managed;

- How business managers are compensated - for example whether compensation is based on the fair value of the managed assets or contractual cash flows collected; And the
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations of future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for cancellation are not considered sales for this purpose, consistent with the Company's continued recognition of assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss.

Financial assets - evaluation of whether the contractual cash flows are only payments of principal and interest: policy applicable from January 1, 2021

For the purposes of this assessment, 'Principal' is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as the consideration for the time value of money, the credit risk associated with the principal amount due within a specified period of time, and for other basic lending risks and costs (such as liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are payments of principal and interest only, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this evaluation, the Company considers the following:



Emergency events that change the amount or timing of cash flows;

- terms that may modify the contractual coupon rate, including the attributes of the variable rate;
- advance payment and extension features; And the conditions that limit the company's claim to cash flows from specific assets (for example, attributes of a non-recourse right).

The description of a cash payment corresponds to payments of principal and interest only if the amount of the advanced payments is substantially representing the unpaid amounts of principal and interest on

the principal amount outstanding, which may include reasonable additional compensation for early termination. In addition, for a financial asset obtained at a discount or premium to its contractual amount, which permits or requires advanced payments by an amount substantially more than the nominal amount plus the contractual accrued interest (but not paid) (which may also include reasonable additional amounts Compensation for early termination) in accordance with this standard if the fair value of the prepayment is immaterial on initial recognition.

Financial Assets - Subsequent Measurement and Profit and Loss: Policy Applicable from January 1, 2021.

Financial assets classified at fair value through profit or loss	Financial assets valued at fair value through profit or loss are measured at fair value, and changes in fair value, including any incomes or dividends, are recognized in profits or losses.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. any gain or loss on derecognition is recognized in profit or loss.
Investments in equity instruments are measured at fair value through comprehensive income.	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividends clearly represent a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and aren't reclassified to profit or loss.
Debt instruments measured at fair value through other comprehensive income.	These assets are subsequently measured at fair value. Calculated interest income is calculated using the effective interest method, foreign exchange gain and loss



	and impairment in profit or loss. other net gains and losses are recorded in the statement of other comprehensive income. on derecognition, the cumulative gain and loss in the income statement is reclassified to profit and loss.
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Financial Assets - Policy Applicable Before January 1, 2021

The Company classifies financial assets into one of the following categories:

- Loans and debts.
- Investments held to maturity.
- Investments available for sale and
- At fair value through the statement of profit or loss.

Financial Assets - Subsequent Measurement, Profit and Loss: Policy Applicable Before January 1, 2021

Financial assets at fair value through profit or loss	They are measured at fair value and changes in fair value including any incomes or dividends are recognized in profits or losses.
Financial assets - held to maturity	amortized cost using the effective interest method.
Financial assets available for sale	They are measured at fair value. Changes in fair value other than impairment losses and foreign exchange differences for debt instruments are recognized within the items of other comprehensive income and collected in the fair value reserve. On the derecognition of these assets, the cumulative profits or losses previously recognized in the items of other comprehensive income are reclassified to profit or loss.

Financial liabilities - classification and subsequent measurement, gains and losses.

Financial liabilities are classified as being measured at amortized cost or at fair value through profit or loss. A financial liability is designated at fair value through profit or loss if it is classified as held for trading, or if it is a derivative financial liability or has been designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net profit and loss, including any interest expense, is recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.



3) Derecognition

financial assets

The company derecognizes the financial asset when the contractual right to receive cash flows from the financial asset expires, or it transfers the contractual right to receive cash flows from the financial asset in a transaction in which substantially all the risks and benefits of ownership of the financial asset have been transferred. Or if the company has not transferred or retained substantially all the risks and benefits of ownership of the financial asset and the company has not have a control.

The Company enters into transactions in which it transfers the assets recognized in its statement of financial position, but retains all or substantially all the risks and rewards of the transferred assets. In these cases, the identification of transferred assets is not eliminated.

financial obligations

The company excludes the financial obligation when it ends either by getting rid of it or canceling it or the expiry of its period mentioned in the contract. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified obligations are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of the financial liability, the difference between the carrying amount repaid and the consideration paid (including any non-cash assets transferred or liabilities incurred) is recognized in profit or loss.

4) offsetting

An offsetting between a financial asset and a financial liability is made and the net amount is presented in the statement of financial position when, and only when, binding legal rights are available, as well as when they are settled on a net basis, or the realization of assets and settlement of liabilities is at the same time.

40-8 Inventories

- Inventories are measure at the lower of cost or net realizable value at the date of financial position.
- Inventory cost of components, spare parts and merchandises for sale is determined using the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location condition.

40-9 Trade receivables, debtors and other debit balances

Trade receivables, debtors and other debit balances are included as current assets unless they are contractually due over more than 12 months after the financial position date in which case they are classified as non-current assets. These assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method, less any impairment losses.



40-10 Impairment

1) Non-derivative financial assets

The policy applies from January 1, 2021

Financial instruments and assets arising from the contract

The Company recognizes loss allowances for expected credit losses for:

- financial assets that are measured at amortized cost;
- investments in debt instruments that are measured at fair value through other comprehensive income; And the Assets arising from the contract.

The Company measures the loss allowance at an amount equal to the lifetime ECL, except for the following, which are measured at an amount equal to the 12-month ECL:

- debt instruments that were identified as having low credit risk at the reporting date; And the
- Other debt instruments and bank balances in which the credit risk (the risk of default over the expected life of the financial instrument) has not increased significantly since initial recognition.
- Provisions for losses of commercial customers and assets arising from contracts are always measured at an amount equal to the expected credit losses over their life.

In determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportive information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and known credit assessment including forward-looking information.

The company assumes that the credit risk of a financial asset has increased significantly.

The Company considers a financial asset to be in default when:

- It is unlikely that the borrower will pay its credit obligations to the group in full, without resorting to the company by procedures such as liquidating the guarantee (if any); or

The Company considers debt instruments to have low credit risk when their credit risk rating equals the globally definition of "investment grade".

Expected credit losses over the life of the asset are the expected credit losses that result from all possible failure events over the expected life of the financial instrument.

12-month ECL is the portion of ECL that results from failure events that are possible within a period of 12 months after the reporting date (or a shorter period if the instrument has an expected life of less than 12 months).

The maximum period considered in estimating ECL is the maximum contractual period over which the company is exposed to credit risk.

Measuring expected credit losses

It is a probability-weighted estimate of credit losses. The present value of all cash shortfalls is measured (that is, the difference between the cash flows due to the entity under the contract and the cash flows the company expects to receive).

Expected credit losses are discounted at the financial asset's effective interest rate.



Credit impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt instruments measured at FVOCI are credit-impaired. A financial asset is considered "credit impairment" when one or more events that have a detrimental effect on the estimated future cash flows of the financial asset occur.

Evidence that financial assets are credit impaired includes observable data:

- Significant financial difficulty for the lender or issuer and.
- Violation of the contract such as failure or being overdue
- the restructuring of a loan or an advance by the company on terms that the company will not take into account in one way or another; And the
- the borrower is likely to enter bankruptcy or other financial reorganization; or
- The disappearance of an active stock market due to financial difficulties.

Display the provision for expected credit losses in the statement of financial position

The loss allowance for financial assets measured at amortized cost is deducted from the total carrying amount of the assets.

For securities in debt securities that are measured at fair value through other comprehensive income, the loss allowance is charged to the profit or loss and is recognized in other comprehensive income.

Debt write-offs

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering all or part of the financial asset. For single clients, the Company has a policy of writing off the gross book value when the financial asset is past due more than two years based on previous experience of recovering similar assets. For corporate clients, the Company makes an independent assessment of the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The company does not expect any significant recovery of the amount written off. However, financial assets that have been written off may still be subject to liability activities in order to comply with the Company's procedures for recovering amounts due.

40-11 Provisions

The provisions are recognized as a result of a past event where the company has a legal or constructive obligation and it is probable that an outflow of economic benefits will be required to settle the obligation, and the obligation can be reasonably estimated.

Provisions are reviewed at the reporting date and amended when necessary to reflect the best current estimate.

40-12 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, banks current accounts, time deposits, market money fund bills and treasury bills which do not exceed three months and banks overdrafts that are repayable on demand and form an integral part of the Group's cash management preparing are included as a component of cash equivalents for the purpose of preparing the statement of cash flows. The consolidated statement of cash flows is prepared and presented according to direct method.



40-13 Cost of Borrowing

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that require an extended period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. Other borrowing costs are charged as an expense in the period in which they are incurred, and the borrowing costs are the interests and other costs as an expense in the period in which they are incurred, and the borrowing costs are the interests and other costs that the company spends to borrow money.

40-14 Borrowing with interest

Interest-bearing loans are initially recognized at fair value less transaction cost, and after initial recognition, interest-bearing loans are stated at amortized cost with any difference between cost and redemption value being included in the statement of profit or loss during the borrowing period based on the effective interest rate.

40-15 Grants

Grants are recognized initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant and are then recognized in statement of income as other income on a systematic basis over the useful life of the asset.

40-16 Creditors and other credit balances

Creditors and other credit balances are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, creditors and credit accounts are stated at amortized cost using the effective interest rate.

40-17 Expenses

All operating expenses, including general and administrative expenses and selling and distribution expenses are recognized the consolidated statement of income in accordance with the accrual basis in the financial period when incurred.

40-18 Net financing (cost) / income

Financing costs comprise interest payable on borrowing, impairment losses recognized on financial assets, change in the fair value of financial assets at fair value through profit and loss and foreign exchange loss.

40-19 Employees benefits

The Group contributes inside Egypt the social insurance under the Authority for the benefit of its personnel in pursuance to the Social Insurance Authority law No. 79 of 1975 and its amendments. These contributions are recorded in the "Wages and Salaries account" in addition to the early retirement scheme applied from September 1, 2001 and end of service benefits (Note no. 11).

40-20 lease contracts

1) Determining whether the arrangement contains a lease or not

At the outset of the arrangement, the company determines whether the arrangement is or contains a lease.

Initially, or when reassessing an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement in those of the lease and those of the other components on the basis of their relative fair values. If the company concludes on a finance lease that it is not possible to separate the payments reliably, then the asset and liability are recognized in an amount equal to the fair value of the underlying asset; Thereafter, the liability is reduced when payments are made and a finance cost computed on the liability is recognized using the Group's incremental borrowing rate.



2) leased assets

Leases of property, plant and equipment that transfer substantially all the risks and rewards associated with ownership to the Company are classified as finance leases. The leased assets are initially measured at an amount equal to the lower of the fair value of the fair value and the present value of the minimum lease payments. After initial recognition, assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognized in the Group's statement of financial position.

3) lease payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. The lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

The minimum lease payments made under finance leases are divided between finance charges and reduction of unpaid obligations. Finance expenses are charged for each period during the lease period to arrive at a constant periodic interest rate on the remaining balance of the obligation.

40-21 Revenue from contracts with customers

The company recognizes revenue from contracts with customers on the basis of a five-step model as defined in Egyptian Accounting Standard 48:

Step 1: Define the contract(s) with the customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and defines the criteria that must be met for each contract.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration that the company expects to receive in exchange for the transfer of promised goods or services to the customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that includes more than one performance obligation, the company will allocate the transaction price to each performance obligation in an amount that specifies the amount in exchange for the contract that the company expects to receive in exchange for fulfilling each performance obligation.

Step 5: Revenue is recognized when (or whenever) the entity fulfills the performance obligation.

- The company fulfills the performance obligation and records the revenues over a period of time, if one of the following criteria is met:-

(a) The Company's performance does not create any asset that has an alternative use to the Company, and the Company has an enforceable right to pay it for performance completed to date.

(b) The company's creation or improvement of an asset that the customer controls when the asset is created or improved.



(c) The customer simultaneously receives and consumes the benefits provided by the company's performance as soon as the company performs.

- For performance obligations, in the event that one of the conditions mentioned above is fulfilled, revenue is recognized over a time period that represents the time in which the performance obligation is fulfilled.

- When the company fulfills a performance obligation by providing the promised services, it is created originally based on the contract on the amount of the contract corresponding to the performance obligation, when the amount of the contract consideration received from the customer exceeds the amount of revenue achieved, which results in advance payments from the customer (contract obligation).

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the group and the revenue and costs can be measured reliably, where appropriate.

The application of IFRS 48 requires management to use the following provisions:

Fulfillment of performance obligations

The company must conduct an assessment of all its contracts with customers to determine whether performance obligations are being met over time or at a point in time in order to determine the appropriate method for revenue recognition. Alternative use of the Company and usually has an enforceable right to pay for performance completed to date.

In these circumstances, the company recognizes revenue over a period of time. If this is not the case, then revenue is recognized at a point in time. For the sale of goods, revenue is usually recognized at a point in time.

Set transaction prices

- The company must determine the transaction price related to in its agreement with customers, and when using this provision, the company estimates the impact of any variable consideration in the contract due to discounts, penalties, the presence of any significant financing component in the contract, or any non-cash consideration in the contract.

Transfer of control in contracts with customers

- In the event that the company determines that the performance obligations will be satisfied at a point in time, revenue is recognized when control of the assets subject to the contract has been transferred to the customer.

- In addition, the application of the Egyptian Accounting Standard 48 led to the following:

Distribution of the transaction price for the performance obligation in contracts with customers

- The company has chosen to apply the input method in distributing the transaction price to the performance obligations so that the revenues are recognized over time. Input method. The company estimates the efforts or inputs to satisfy the performance obligation. In addition to the cost of fulfilling the contractual obligation with customers, these estimates include the time elapsed for service contracts.



Other things to take into consideration

Variable consideration: If the consideration promised in a contract includes a variable amount, then the company must estimate the amount of consideration that it is entitled to in exchange for transferring the promised goods or services to the customer. The company estimates the transaction price on contracts with variable consideration using the expected value or Most likely amount method. The method is applied consistently throughout the contract and for similar types of contracts.

Important Financing Component

The company must adjust an amount against the promised contract against the time value of money if the contract includes a significant financing component.

Revenue recognition

Revenue represents the value of services performed, including sales value and customer balances from combined sales. Revenue is recognized according to the following:

Services revenue:

- Revenue from services is recognized when they are provided to customers, and no revenue is recognized in the event that there is no certainty of recovering the consideration for this revenue or the costs associated with it.

Merchandise revenue

- Revenue from sold merchandise is recognized when the significant risks and rewards of ownership of the merchandise are transferred to the customer and there is appropriate assurance of reimbursement for it.

Interest income

- Interest is recognized on an accrual basis, taking into account the period of time and the effective interest rate.

The income from interest on deposits and securities is proven on an accrual basis, taking into account the target rate of return on the asset.

Dividend revenue

- Dividend income is recognized in the standalone profit or loss statement on the date on which the company's right to collect those distributions is established.

Investment income

Dividend income from investments in corporate equity is recognized within the limits of what the company is entitled to receive from the dividends for invested companies realized after the date of acquisition, as of the date of the issuance of the decisions of the assemblies of the investee companies regarding dividends.

The value of revenue is measured at the fair value of the consideration received or owed to the entity, and the revenue is realized when there is a sufficient expectation that there will be future economic benefits that will flow to the entity, and that the value of this revenue can be measured accurately, and no revenue is recognized in the event that there is no certainty of recovering the consideration for this revenue or costs associated with it.



40-22 Earnings per share

The company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the net profit or loss for the year attributable to ordinary shareholders of the company excluding the share of both the employees and the Board of Directors in profits by the weighted average number of ordinary shares outstanding during the year.

40-23 Reserves

- Legal Reserve: According to the company's Article of Associations requirements, 5% of the net profit is set aside to form a legal reserve. The transfer to legal reserve ceases once the reserve reaches 50% of the company's paid up capital.
- Other reserves: the General Assembly may form other reserves based on the Board of Directors' recommendation.

40-24 Income tax

Income tax on the profit or loss for the year comprises of current and deferred tax. Income tax is recognized in the consolidated statement of income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is measured based on the method expected to measure the values of assets and liabilities using tax rates enacted at the consolidated statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized during the next years.

40-25 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group objectives, policies and processes for measuring and managing risks, and the Group management of capital. Further quantitative disclosures are included throughout these Consolidated Financial Statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group risk management framework. Also identify and analyze the risks faced by the Group, to set appropriate risk levels and controls Monitoring those risks and their compliance with these levels.

The Group, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.



40-25-1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur financial loss.

This risk is mainly resulting from the Group's trade and other debtors.

Trade receivable & other debtors

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk has less of an influence on credit risk.

Most of Group's revenue is represented in sales transaction with many customers with close values for each customer, hence, there is no concentration of credit risk on specific customers.

Cash and cash equivalents

Credit risk relating to cash and cash equivalents - except cash on hand - and financial deposits arises from the risk that the counterparty becomes insolvent and accordingly is unable to return the deposited funds. To mitigate this risk, whenever possible, the Group conducts transactions and deposits funds with financial institutions with high investment grade.

40-25-2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that the sufficient cash on demand to meet expected operational expenses for a suitable period, including the service of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

40-25-3 Market risk

Market risk is the risk that changes in market prices, such as foreign currency exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk on transactions that are denominated in a currency other than the respective functional currencies of the Group, primarily the U.S. Dollars (USD) and Euro. In respect of monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level through purchase or sale of the foreign currencies with current prices when that is necessary to face un-balanced short term.

Interest rate risk

The Group is exposed to market risks as a result of changes in interest rates particularly in relation to borrowings. Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The basic strategy of interest rate risk management is to balance the debt structure with an appropriate mix of fixed and floating interest rate borrowings based on the Group's perception of future interest rate movements.

Other market prices risk

This risk arises from changes in the price of available-for-sale investments held by the Group, the Group's management monitors the equity instruments in the investments' portfolio according to the market and objective valuation of the financial statements related to these shares. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors. The primary goal of the Group's investment strategy is to maximize investment returns and the management consults external advisors in this regard.



The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity, the Board also monitors the level of dividends paid to shareholders. There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

41. Subsequent Events

- On January 17, 2024 the company announced that the National Telecommunication Regulatory Authority (NTRA) obtained the first license to provide fifth generation mobile phone services (5G), which amounted to 150 million USD and extending for a period of 15 years.
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