

telecomegypt®



Translation from Arabic

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

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

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Hazem Hassan
Public Accountants & Consultants

B (105) – Avenue (2) – Smart Village
Km 28 Cairo – Alex Desert Road
Giza – Cairo – Egypt
Postal Code : 12577

Telephone : (202) 35 37 5000 – 35 37 5005
E-mail : Egypt@kpmg.com.eg
Fax : (202) 35 37 3537
P.O. Box : (5) Smart Village

Translation from Arabic

AUDITOR'S REPORT
TO THE SHAREHOLDERS OF TELECOM EGYPT COMPANY

Report on the Separate Financial Statements

We have audited the accompanying separate financial statements of Telecom Egypt Company S.A.E, which comprise the separate statement of financial position as at December 31, 2023 and the related separate 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 Separate Financial Statements

These separate financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these separate 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 separate financial statements based on our audit. 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 separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate 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 separate 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 separate financial statements.

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



Hazem Hassan

Translation from Arabic

Opinion

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the unconsolidated financial position of Telecom Egypt Company as of December 31, 2023, and of its unconsolidated financial performance and its unconsolidated 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 separate financial statements.

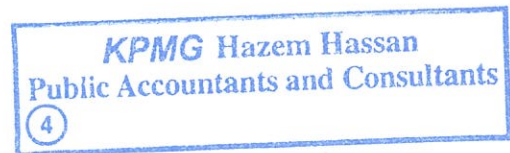
Report on Other Legal and Regulatory Requirements

The Company maintains proper books of account, which include all that is required by law and by the statutes of the Company, the separate financial statements are in agreement thereto, the inventory was counted by management in accordance with methods in practice.

The financial information included in the Board of Directors' report, prepared in accordance with Law No. 159 of 1981 and its executive regulations, is in agreement with the Company's books of account.

**KPMG Hazem Hassan
Public Accountants & Consultants**

Cairo, March 4, 2024




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


		31/12/2023	31/12/2022
	Note	<u>L.E. (000)</u>	<u>Reclassified</u> <u>L.E. (000)</u>
	No.		
Assets			
Non current Assets			
Fixed assets and projects under construction	(13)	76 244 954	58 178 277
Intangible assets (licenses and frequencies)	(14)	14 964 829	15 022 419
Usufruct assets	(15)	6 474 753	4 662 386
Right of use assets (lease contracts)	(16-1)	752 388	698 644
Investments in subsidiaries and associates	(17)	6 645 875	6 645 875
Financial assets at FVOCI	(18)	83 442	74 856
Deferred tax assets	(29-3)	561 022	23 390
Total Non Current Assets		105 727 263	85 305 847
Current Assets			
Inventories	(19)	3 623 500	2 170 859
Trade and notes receivable	(20)	7 752 132	6 586 273
Current income tax	(29-6)	762 104	397 864
Debtors and other debit balances	(21)	5 081 497	4 762 858
Debit balances with subsidiaries	(33-1)	1 139 091	2 512
Cash and cash equivalents	(22)	10 272 954	6 158 165
Total Current Assets		28 631 278	20 078 531
Total Assets		134 358 541	105 384 378
Equity			
Capital	(27)	17 070 716	17 070 716
Reserves	(28)	5 733 122	5 359 173
Retained earnings		13 349 113	13 024 149
Total Equity		36 152 951	35 454 038
Non Current Liabilities			
Long term loans and credit facilities	(23)	19 725 744	20 390 098
Lease obligations	(16-2)	745 718	698 100
Creditors and other credit balances	(24)	10 028 870	6 259 706
Total Non Current Liabilities		30 500 332	27 347 904
Current Liabilities			
Short term Loans and credit facilities	(23)	29 590 441	10 353 603
Lease obligations	(16-2)	175 020	157 220
Creditors and other credit balances	(24)	29 077 416	24 535 926
Accrued credit accounts to subsidiaries and associates	(33-1)	8 163 108	6 771 714
Provisions	(25)	699 273	763 973
Total Current Liabilities		67 705 258	42 582 436
Total liabilities		98 205 590	69 930 340
Total Equity and Liabilities		134 358 541	105 384 378

The attached notes on pages from (6) to (48) are an integral part of these separate financial statements.

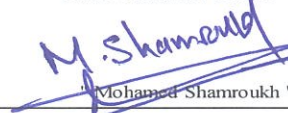
Director of Financial Affairs


" Ehab Abdo "

Senior Director of Financial Affairs


" Wael Hanafy "

Chief Financial Officer

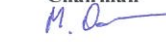

" Mohamed Shamroukh "

Managing Director
& Chief Executive Officer


" Mohamed Nasr "

Board of Directors approval

Chairman


" Maged Osman "

Auditor's Report "attached"

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

	Note	<u>For the financial year ended:</u>	
		<u>31/12/2023</u>	<u>31/12/2022</u>
	<u>No.</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Operating revenues	(3)	43 697 048	32 916 304
Operating costs	(4)	(28 412 931)	(22 005 316)
Gross Profit		15 284 117	10 910 988
Other income	(5)	1 914 672	4 301 831
Selling and distribution expenses	(6)	(3 651 762)	(2 925 715)
General and administrative expenses	(7)	(4 678 247)	(3 667 062)
Other expenses	(8)	(187 072)	(130 204)
Expected credit loss		(258 294)	(403 970)
Operating profit		8 423 414	8 085 868
Finance income		628 366	251 748
Finance cost		(4 594 968)	(1 632 402)
Net finance cost	(9)	(3 966 602)	(1 380 654)
Income from investments in subsidiaries and associates	(10)	2 430 397	1 588 563
Net profit for the year before income tax		6 887 209	8 293 777
Income tax	(29-1)	(502 873)	(947 884)
Net profit for the year after income tax		6 384 336	7 345 893
Basic and diluted earning per share for the year (L.E. / Share)	(12)	3.19	3.83

The attached notes on pages from (6) to (48) are an integral part of these separate financial statements.

Telecom Egypt Company
(An Egyptian Joint Stock Company)
Separate Statement Of Other Comprehensive 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>L.E.(000)</u>
Net profit for the year		6 384 336	7 345 893
<u>Other Comprehensive Income Items</u>			
Net change in fair value of financial assets at FVOCI		8 586	-
Income tax on net change in fair value of financial assets at FX	(29-2)	(1 932)	-
		6 654	-
Translation differences of foreign currency balances		(3 550 620)	(5 443 051)
Income tax on translation differences of foreign currency bala	(29-2)	798 889	1 224 686
		(2 751 731)	(4 218 365)
Transferred to retained earnings during the year		2 751 731	4 218 365
		-	-
Total Comprehensive Income		6 390 990	7 345 893

The attached notes on pages from (6) to (48) are an integral part of these separate financial statements.

Translation from Arabic

Telecom Egypt Company
(An Egyptian Joint Stock Company)
Separate Statement of Changes In Equity
For The Financial Year Ended December 31, 2023

	Note	Capital L.E. (000)	Legal reserve L.E. (000)	Other reserves L.E. (000)	Retained earnings L.E. (000)	Total L.E. (000)
Balance as of January 1, 2022		17 070 716	2 223 826	2 787 550	12 659 510	34 741 602
Comprehensive income						
Net profit for the year		-	-	-	7 345 893	7 345 893
Total comprehensive income		-	-	-	7 345 893	7 345 893
Net impact of translation differences of foreign currency balances		-	-	-	(4 218 365)	(4 218 365)
Transferred to legal reserve		-	347 797	-	(347 797)	-
Transactions with shareholders						
Dividends for year 2021 (Shareholders)		-	-	-	(1 707 072)	(1 707 072)
Dividends for year 2021 (Employees & Board of Directors)		-	-	-	(708 020)	(708 020)
Total transactions with shareholders		-	-	-	(2 415 092)	(2 415 092)
Balance as of December 31, 2022		17 070 716	2 571 623	2 787 550	13 024 149	35 454 038
Balance as of January 1, 2023		17 070 716	2 571 623	2 787 550	13 024 149	35 454 038
Comprehensive income						
Net profit for the year		-	-	-	6 384 336	6 384 336
Net change in fair value of financial assets at FVOCI		-	-	6 654	-	6 654
Total comprehensive income		-	-	6 654	6 384 336	6 390 990
Net impact of translation differences of foreign currency balances (36-3)		-	-	-	(2 751 731)	(2 751 731)
Transferred to legal reserve		-	367 295	-	(367 295)	-
Transactions with shareholders						
Dividends for year 2022 (Shareholders)		-	-	-	(2 133 840)	(2 133 840)
Dividends for year 2022 (Employees & Board of Directors)		-	-	-	(806 506)	(806 506)
Total transactions with shareholders		-	-	-	(2 940 346)	(2 940 346)
Balance as of December 31, 2023		17 070 716	2 938 918	2 794 204	13 349 113	36 152 951

The attached notes on pages from (6) to (48) are an integral part of these separate financial statements.

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

	Note No.	For the financial year ended:	
		31/12/2023	31/12/2022
		<u>L.E.(000)</u>	<u>L.E.(000)</u>
<u>Cash flows from operating activities</u>			
Cash receipts from customers and notes receivable		29 132 122	20 839 276
Cash receipts from related party		11 596 112	13 535 275
Stamp tax and fees collected (from third party)		88 019	77 496
Deposits collected from customers		59 171	57 206
Cash paid to suppliers		(7 229 777)	(7 648 114)
Cash Paid for NTRA		(1 095 886)	(1 057 264)
Cash paid to Board of Directors		(15 250)	(14 300)
Cash paid to employees		(6 635 506)	(5 308 181)
Cash paid on behalf of employees to third party		(1 130 242)	(987 423)
Payments to Tax Authority - Taxes other than income tax		(3 709 750)	(3 143 849)
Other payments		(331 758)	(1 359 921)
Cash provided by operating activities		<u>20 727 255</u>	<u>14 990 201</u>
Interest paid		(4 247 613)	(1 076 401)
Payments to Tax Authority - income tax		(344 912)	(235 810)
Net cash provided by operating activities		<u>16 134 730</u>	<u>13 677 990</u>
<u>Cash flows from investing activities</u>			
Payments for purchase of fixed assets and projects under construction		(23 209 455)	(13 079 134)
Payments for purchase of intangible assets		(2 812 797)	(5 137 723)
Payments for acquisition of investments		-	(750)
Payments for purchase of financial assets at amortized cost - treasury bills		-	(596 933)
proceeds from sale of financial assets at amortized cost - treasury bills		-	605 491
Interest received		431 295	41 471
Dividends collected from investments		2 192 729	1 431 620
Proceeds from financial assets at amortized cost - treasury bills income		91 370	17 060
Net cash used in investing activities		<u>(23 306 858)</u>	<u>(16 718 898)</u>
<u>Cash flows from financing activities</u>			
Payments of loans		(4 916 264)	(2 171 232)
Proceeds from loans		-	5 797 081
Net Proceeds of credit facilities		18 137 253	5 159 563
Payments of lease obligations		(263 905)	(196 819)
Dividends paid to shareholders		(2 133 840)	(1 707 072)
Net cash provided by financing activities		<u>10 823 244</u>	<u>6 881 521</u>
Net change in cash and cash equivalents during the year		<u>3 651 116</u>	<u>3 840 613</u>
Cash and cash equivalents at the beginning of the year	(22)	6 115 484	2 274 871
Cash and cash equivalents at the end of the year	(22)	<u>9 766 600</u>	<u>6 115 484</u>

The attached notes on pages from (6) to (48) are an integral part of these separate financial statements.

Telecom Egypt Company
(An Egyptian Joint Stock Company)
Notes to the Separate 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 the separate financial statements

These separate financial statements as of December 31, 2023 were approved by the company's Board of Directors for issuance on March 3, 2024.

2. BASIS OF PREPERATION OF THE SEPARATE FINANCIAL STATEMENTS

2-1 Statement of compliance

- Separate 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 related to.
- The company has subsidiaries and associates and according to the Egyptian Accounting Standard No. (42) "the Separate financial statements" and the article by Law No.188 of executive regulation for Law No.159 of 1981 "the company prepares the Separate Financial Statements for the company which can referred to it to obtain a position reflect the financial position, business results, and cash flows for the company as a whole".
- The company's management has applied the accounting treatment for dealing with the effects of the liberalization of exchange rates contained in both summary (b) and (c) 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 (36-3).

2-2 Basis of measurement

- These Separate Financial Statements have been prepared under the historical cost basis, except for :
 - Financial assets and liabilities that are recorded at fair value through profit or loss.
 - Financial assets and liabilities that are recorded at fair value through other comprehensive income.
 - Financial assets and liabilities that are recorded at amortized cost.
- For presentational purposes, the current and non-current classification has been used for the condensed separate statement of Financial Position, while expenses are analysed in condensed separate statement of income using a classification based on their function. The direct method has been used in preparing the condensed separate statement of cash flows.
method has been selected to present the separate statement of cash flows.

2-3 Functional and presentation currency

These separate financial statements are presented in Egyptian pound (L.E), which is the Company's functional currency. All financial information presented in "L.E" has been rounded to the nearest L.E Thousands unless otherwise stated.

2-4 Use of estimates and assumptions

The preparation of the separate 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 which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on ongoing basis. Revisions to 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 separate financial statements is included in the following notes:

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

2-5 Fair value measurement

- The fair value of financial instruments is determined based on the market value of the financial instrument or similar financial instruments at the date of the separate 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 are managed by operating segments at the group activates level as integrated activity, based on the nature of product and the service provided and to be stated in the notes to the Separate financial statements. The segment reporting is prepared according to services provided by activities as a group as follows:

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

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	7 173 789	6 464 944
Enterprise	2 987 929	2 889 237
Domestic wholesale	18 087 273	14 565 571
International carriers	7 432 394	4 679 339
International cables and networks	8 015 663	4 317 213
	<u>43 697 048</u>	<u>32 916 304</u>

4. OPERATING COSTS

	Note No.	For the financial year ended:	
		31/12/2023	31/12/2022
		<u>L.E. (000)</u>	<u>L.E. (000)</u>
Call cost		8 347 972	6 717 317
Depreciation	(13)	7 153 232	5 348 910
Amortization of intangible assets (licenses and frequencies)	(14)	1 402 008	1 039 975
Amortization of usufruct assets	(15)	274 699	226 020
Amortization of right of use assets (lease contracts)	(16-1)	116 034	95 854
Salaries and wages		3 431 157	2 607 925
Company's social insurance contribution		306 481	262 486
Employees vacations allowance		12 280	6 560
Frequencies and licences charges (NTRA)		1 825 454	1 861 713
Fuel		940 716	870 050
Right of use (IRU) outside Egypt		397 909	301 065
Leased circuits		580 335	365 574
Cost of merchandise available for sale		179 659	129 578
Spare parts		387 886	219 790
Maintenance		1 033 205	691 060
Organizations services costs		1 209 588	597 810
Company's call costs		87 288	114 300
Electricity and water		72 539	67 841
Transportation cost		167 988	135 107
Materials, supplies and miscellaneous printed		98 066	68 561
Other operating costs		388 435	277 820
		<u>28 412 931</u>	<u>22 005 316</u>

5. OTHER INCOME

	For the financial year ended:	
	31/12/2023	31/12/2022
	L.E. (000)	L.E. (000)
Shared revenues (SSC)	1 413 346	3 500 519
Fines and earned delay interest	133 370	163 145
Unoperational assets revenues	92 121	79 810
Reverse of provisions	-	163 152
Sundry revenues	275 835	395 205
	1 914 672	4 301 831

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		1 443 587	1 250 113
Company's social insurance contribution		140 150	126 171
Employees vacations allowance		5 640	3 040
Depreciation	(13)	9 603	9 306
Amortization of right of use assets (lease contracts)	(16-1)	27 564	26 395
Tax and duties		19 569	36 603
Advertising and Marketing		550 890	447 488
Organizations services cost		791 198	470 976
Agent's commissions and collection contracts		555 266	482 461
Other selling and distribution expenses		108 295	73 162
		3 651 762	2 925 715

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		2 649 396	2 106 698
Company's social insurance contribution		201 832	170 573
Employees vacations allowance		11 260	6 401
Takaful contribution expense		115 586	93 667
The company's contribution in loyalty and belonging fund	(11)	200 000	200 000
Depreciation	(13)	33 653	35 584
Amortization of right of use assets (lease contracts)	(16-1)	29 183	22 839
Tax and duties		382 537	206 328
Organizations services cost and consultants		785 705	608 430
Bank charges		47 806	44 005
Other general and administrative expenses		221 289	172 537
		4 678 247	3 667 062

8. OTHER EXPENSES

	For the financial year ended:	
	31/12/2023	31/12/2022
	L.E. (000)	L.E. (000)
Provisions	83 344	-
Capital losses	25 827	18 714
Sale of slow moving	-	14 718
Donations	77 901	96 772
	187 072	130 204

9. NET FINANCE COST

	For the financial year ended:	
	31/12/2023	31/12/2022
	L.E. (000)	L.E. (000)
<u>Finance income</u>		
Interest income	515 739	123 962
Treasury bills income	91 369	17 066
Income from prepaid income tax	15 401	-
Net translation gain of foreign currencies balances and transactions	-	107 823
<u>Dividends income from financial assets at FVOCI</u>		
Civil Information Technology Co.	-	771
Egyptian Company for tracking & information technology	3 504	2 126
Technology Developing fund Co.	1 682	-
Egyptian Company for Ideavelopers	671	-
Total finance income	628 366	251 748
<u>Finance costs</u>		
Interest expense*	(4 336 111)	(1 280 025)
Finance cost for credit contracts	(258 857)	(352 377)
Total finance cost	(4 594 968)	(1 632 402)
Net finance cost	(3 966 602)	(1 380 654)

*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. INCOME FROM INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

	For the financial year ended:	
	31/12/2023	31/12/2022
	L.E. (000)	L.E. (000)
10-1 <u>Income from investment in subsidiaries</u>		
WE Data	218 500	218 500
The Egyptian Telecommunication Company for information systems (Xceed)	62 500	62 500
Centra Technology Company (Centra)	38 195	2 938
Middle East Radio Communications (Merc)	3 792	2 729
10-2 <u>Income from investment in associates</u>		
Vodafone Egypt Telecommuniacations Company (VFE)	2 107 410	1 301 896
	2 430 397	1 588 563

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

11. EMPLOYEE'S BENEFITS

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 September 30, 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 EARNING PER SHARE

	<u>For the financial year ended</u>	
	<u>31/12/2023</u>	<u>31/12/2022</u>
Net profit for the year (L.E. in thousand)	6 384 336	7 345 893
Less:		
Employees' share in dividends (L.E. in thousand)*	927 812	791 257
Board of Directors share in profit (L.E. in thousand)	18 550	15 250
Net profit for the year available for distribution (L.E. in thousand)	5 437 974	6 539 386
Number of shares available during the year (share)	1 707 071 600	1 707 071 600
Basic and diluted earning per share for the year (L.E. / share)	3.19	3.83

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

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

13- FIXED ASSETS AND PROJECTS UNDER CONSTRUCTION

	Land	Buildings & Infrastructure	Technical equipment & information technologies	Vehicles	Furniture	Tools & supplies	Projects under construction	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)
Cost as at January 1, 2022 (Reclassified)	2 386 374	41 100 215	33 346 729	245 758	500 560	242 085	5 120 705	82 942 426
Additions during the year	-	4 251 574	6 157 716	48 586	33 409	19 997	3 381 216	13 892 458
The effect of foreign currency differences	-	994 518	1 422 027	-	-	-	463 637	2 880 182
Disposals during the year	-	(231 992)	(3 135 150)	(9 475)	(3 742)	(1 582)	-	(3 381 941)
Cost as at December 31, 2022 (Reclassified)	2 386 374	46 114 315	37 791 322	284 869	530 227	260 500	8 965 558	96 333 165
Additions during the year	-	6 571 067	8 623 311	17 577	50 208	13 501	7 303 547	22 579 211
The effect of foreign currency differences	-	509 490	1 750 258	-	-	-	537 027	2 796 775
Disposals during the year	-	(236 896)	(2 518 574)	(3 175)	(4 549)	(4 891)	-	(2 768 085)
Cost as at December 31, 2023	2 386 374	52 957 976	45 646 317	299 271	575 886	269 110	16 806 132	118 941 066
Accumulated depreciation as at January 1, 2022 (Reclassified)	-	18 382 027	17 074 033	101 721	335 353	151 257	-	36 044 351
Depreciation for the year	-	2 046 707	3 260 235	22 409	40 618	23 831	-	5 393 800
Accumulated depreciation for disposals	-	(162 597)	(3 106 154)	(9 364)	(3 700)	(1 488)	-	(3 283 303)
Accumulated depreciation as at December 31, 2022 (Reclassified)	-	20 266 137	17 228 114	114 766	372 271	173 600	-	38 154 888
Depreciation for the year	-	2 373 403	4 734 682	24 089	42 882	21 432	-	7 196 488
Accumulated depreciation for disposals	-	(133 883)	(2 509 262)	(2 682)	(4 549)	(4 888)	-	(2 655 264)
Accumulated depreciation as at December 31, 2023	-	22 505 657	19 453 534	136 173	410 604	190 144	-	42 696 112
Net carrying amounts as at December 31, 2023	2 386 374	30 452 319	26 192 783	163 098	165 282	78 966	16 806 132	76 244 954
Net carrying amounts as at December 31, 2022 (Reclassified)	2 386 374	25 848 178	20 563 208	170 103	157 956	86 900	8 965 558	58 178 277

- Cost of fixed assets and Projects under construction on December 31, 2023 includes an amount of L.E. 11 851 Million fully

- Cost of fixed assets and Projects under construction includes an amount of L.E. 2 797 Million (against an amount of L.E. 2 880 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. 36-3)

- Reclassification was made to the comparative figures are shown in (Note no. 35).

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

	Note	2023	2022
Operating costs	No.	L.E. (000)	L.E. (000)
Selling and distribution expenses	(4)	7 153 232	5 348 910
General and administrative expenses	(6)	9 603	9 306
	(7)	33 653	35 584
		7 196 488	5 393 800

14. Intangible assets (licenses and frequencies)

	Licenses granted for mobile services	Projects under construction	Total
	L.E. (000)	L.E. (000)	L.E. (000)
Cost as at January 1, 2022	11 084 380	-	11 084 380
Additions during the year	-	6 291 032	6 291 032
The effect of foreign currency differences	685 865	-	685 865
Transferred during the year	3 225 407	(3 225 407)	-
Cost at December 31, 2022 (Reclassified)	14 995 652	3 065 625	18 061 277
Cost at January 1, 2023 (Reclassified)	14 995 652	3 065 625	18 061 277
Additions during the year	-	575 247	575 247
The effect of foreign currency differences	769 171	-	769 171
Transferred during the year	3 640 872	(3 640 872)	-
Cost at December 31, 2023	19 405 695	-	19 405 695
Accumulated amortization as at January 1, 2022	1 998 883	-	1 998 883
Amortization for the year	1 039 975	-	1 039 975
Accumulated amortization as at December 31, 2022	3 038 858	-	3 038 858
Accumulated amortization as at January 1, 2023	3 038 858	-	3 038 858
Amortization for the year	1 402 008	-	1 402 008
Accumulated amortization as at December 31, 2023	4 440 866	-	4 440 866
Net carrying amounts as at December 31, 2023	14 964 829	-	14 964 829
Net carrying amounts as at December 31, 2022 (Reclassified)	11 956 794	3 065 625	15 022 419

- 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. 36-3)

- Reclassification was made to the comparative figures are shown in (Note no. 35).

15- USUFRUCT ASSETS

	Usufruct Projects	Submarine cables	Land (Possession)	Right Of Way National	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	2 061 717	440 684	641 740	104 551	1 010 445	4 879 293
Additions during the year	143 256	219 146	-	17 120	-	807 536	1 187 058
The effect of foreign currency differences	3 827	-	-	-	-	63 332	67 159
Disposals during the year	-	(66 593)	-	(119)	(104 551)	-	(171 263)
Cost at December 31, 2022 (Reclassified)	767 239	2 214 270	440 684	658 741	-	1 881 313	5 962 247
Cost at January 1, 2023	767 239	2 214 270	440 684	658 741	-	1 881 313	5 962 247
Additions during the year	1 241 547	579 290	-	117 461	-	104 290	2 042 588
The effect of foreign currency differences	42 474	-	-	-	-	28 890	71 364
Disposals during the year	-	(30 539)	-	(17 470)	-	-	(48 009)
Cost at December 31, 2023	2 051 260	2 763 021	440 684	758 732	-	2 014 493	8 028 190
Accumulated amortization as at January 1, 2022 (Reclassified)	15 307	877 574	-	191 478	104 551	-	1 188 910
Amortization for the year	16 907	141 802	-	67 311	-	-	226 020
Accumulated amortization for disposals	-	(10 399)	-	(119)	(104 551)	-	(115 069)
Accumulated amortization as at December 31, 2022 (Reclassified)	32 214	1 008 977	-	258 670	-	-	1 299 861
Accumulated amortization as at January 1, 2023	32 214	1 008 977	-	258 670	-	-	1 299 861
Amortization for the year	60 857	165 023	-	48 819	-	-	274 699
Accumulated amortization for disposals	-	(3 653)	-	(17 470)	-	-	(21 123)
Accumulated amortization as at December 31, 2023	93 071	1 170 347	-	290 019	-	-	1 553 437
Net carrying amounts as at December 31, 2023	1 958 189	1 592 674	440 684	468 713	-	2 014 493	6 474 753
Net carrying amounts as at December 31, 2022 (Reclassified)	735 025	1 205 293	440 684	400 071	-	1 881 313	4 662 386

The increase in net carrying value of usufruct assets by an amount of L.E. 2 188 959 K mainly due to the increase in the increase in Usufruct (projects) by an amount of L.E. 1 504 612 K .

Cost of usufruct assets on December 31, 2023 includes an amount of L.E. 159 Million (against an amount of L.E. 213 million for the year 2022) fully depreciated assets and still in use.

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. 36-3)

- Reclassification was made to the comparative figures are shown in (Note no. 35).

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

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

	31/12/2023	31/12/2022 <u>Reclassified</u>
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Cost at beginning balance	1 167 142	949 763
Additions	226 525	228 695
Disposals	-	(11 316)
Cost at ending balance	<u>1 393 667</u>	<u>1 167 142</u>
Accumulated amortization at beginning balance	468 498	328 191
Amortization for the year	172 781	145 088
Disposals	-	(4 781)
Accumulated amortization at ending balance	<u>641 279</u>	<u>468 498</u>
Net carrying amount for right of use assets	<u>752 388</u>	<u>698 644</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	116 034	95 854
Selling and distribution expenses	27 564	26 395
General and administrative expenses	29 183	22 839
	<u>172 781</u>	<u>145 088</u>

- Reclassification was made on comparative figures as shown in Note No. (35).

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	855 320	949 763
Additions	226 525	228 695
Disposals	-	(10 690)
Payments	(263 905)	(648 800)
interest	102 798	336 352
Net present value for lease obligations resulting from right of use	<u>920 738</u>	<u>855 320</u>
<u>Less:</u>		
Current Lease obligations	<u>175 020</u>	<u>157 220</u>
Non Current Lease obligations	<u>745 718</u>	<u>698 100</u>

17. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

	Note No.	31/12/2023		31/12/2022	
		Ownership %	LE (000)	Ownership %	LE (000)
17-1 Investments in subsidiaries					
- Telecom Egypt France (TE France)		100.00	69 220	100.00	69 220
- WE Data		99.99	252 461	99.99	252 461
- TE Investment Holding		99.99	39 998	99.99	39 998
- Egyptian international submarine cables company (Eiscc)		99.00	267 578	99.00	267 578
- TE for sports investments**		98.00	996	98.00	996
- Egyptian Telecommunication for Information System (Xceed)		97.66	31 250	97.66	31 250
- Centra Technology		58.76	14 737	58.76	14 737
- Middle East Radio Communication (Merc)***		49.00	7 350	49.00	7 350
17-2 Investments in associates					
- Wataneya for Telecommunications		50.00	125	50.00	125
- Vodafone Egypt Telecommunications Company (VFE)		44.95	5 960 054	44.95	5 960 054
- Egypt Trust		35.71	10 000	35.71	10 000
			6 653 769		6 653 769
Less:					
Impairment loss on investments of subsidiaries and associates*	(26)		7 894		7 894
			6 645 875		6 645 875

* Impairment loss on investments of subsidiaries and associates is formed for Telecom Egypt France (TE France) by an amount of L.E 269 K and Egypt Trust by an amount of L.E 7 500 K and Wataneya for Telecommunications by an amount of L.E. 125 K.

** The purpose of the company was changed based on the decision of the Extraordinary General Assembly held on January 20, 2023, and an entry was made for this change in the commercial register.

***The company's direct and indirect share in Middle East Radio Communication (Merc) on December 31, 2023 is 51%.

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

Translation from Arabic

18- Investments in financial assets at FVOCI

	31/12/2023	31/12/2022
	<u>LE (000)</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>
Add:		
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	1 023 898	759 153
Material supplies, Merchandise for sale	2 574 972	1 371 235
Others	24 630	40 471
	<u>3 623 500</u>	<u>2 170 859</u>

Inventory's value was written down by L.E. 79 645 K (against L.E. 155 302 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		3 524 277	4 229 579
Trade Receivables - International		6 612 802	4 405 158
		<u>10 137 079</u>	<u>8 634 737</u>
Less:			
Expected credit loss provision	(26)	2 565 172	2 292 873
Add:			
Notes receivables		180 225	244 409
		<u>7 752 132</u>	<u>6 586 273</u>

21. DEBTORS AND OTHER DEBIT BALANCES

	Note No.	31/12/2023	31/12/2022
		<u>L.E. (000)</u>	<u>Reclassified L.E. (000)</u>
Suppliers – debit balances		461 665	435 685
Deposits with others		303 012	299 717
Accrued revenues		30 598	13 170
Tax Authority – value added tax		1 223 157	1 509 382
Due from external collection agencies		155 631	214 684
Due from Ministries, organizations and companies		1 377 556	1 097 687
Temporary debts due from employees		927 812	791 257
Other debit balances*		692 920	556 141
		<u>5 172 351</u>	<u>4 917 723</u>
Less:			
Expected credit loss provision	(26)	90 854	154 865
		<u>5 081 497</u>	<u>4 762 858</u>

- Reclassification was made on comparative figures as shown in Note No. (35).

22. CASH AND CASH EQUIVALENTS

	Note No.	31/12/2023	31/12/2022
		<u>L.E. (000)</u>	<u>L.E. (000)</u>
Banks - time deposits (less than 3 months)		8 274 182	3 430 395
Banks - current accounts		1 997 056	2 450 345
Cash on hand		1 716	3 760
Financial assets at amortized cost - Treasury bills (less than 3 months)		-	273 665
Cash and cash equivalents		<u>10 272 954</u>	<u>6 158 165</u>
Less:			
Restricted cash and cash equivalents	(31)	506 354	42 681
Cash and cash equivalents as per cash flows statement		<u>9 766 600</u>	<u>6 115 484</u>

Notes to the separate 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 installments due within one year	Long term loan installments due within more than one year	Balance as of 31/12/2023	Balance as of 31/12/2023	Balance as of 31/12/2022	Annual interest rate	Payment schedule
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 Nov, 2029
Foreign loans	EURO	66 879	584 492	651 371	19 122	552 979	Variable interest rate	Quarter installments ending on June, 2036
Foreign suppliers' facilities	EURO	2 693	-	2 693	79	2 073	5.50%	
Bank facilities	LE	16 699 549	-	16 699 549	16 658 063	4 476 289	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 on Dec, 2026
Bank facilities	EURO	140 570	3 280	143 850	4 223	315 876	Variable interest rate	Ending on Oct, 2024
		29 590 441	19 725 744	49 316 185		30 743 701		

24. CREDITORS AND OTHER CREDIT BALANCES

	31/12/2023	31/12/2022
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Suppliers	4 984 385	2 087 677
Tax Authority (taxes other than income tax)	2 129 433	2 510 294
Deposits from others	793 602	604 851
Assets creditors	19 985 163	18 511 052
Accrued expenses	1 209 061	1 093 597
Trade receivables - credit balances	4 733 179	2 412 721
Credit balances - organizations and companies	477 836	380 405
Contract liabilities**	913 917	676 913
National Telecommunication Regulatory Authority (NTRA)	2 486 418	1 512 582
Public authority for social Insurance	77 746	63 279
Accrued interest	422 217	282 565
Other credit balances	893 329	659 696
	<u>39 106 286</u>	<u>30 795 632</u>
<u>Balances due within more than one year:</u>		
Assets creditors	9 975 035	6 237 165
Contract liabilities**	53 835	22 541
Non current creditors and other credit balances	<u>10 028 870</u>	<u>6 259 706</u>
Current creditors and other credit balances	<u>29 077 416</u>	<u>24 535 926</u>
Total creditors and other credit balances	<u>39 106 286</u>	<u>30 795 632</u>

****Contract liabilities**

	31/12/2023	31/12/2022
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Transmission systems for mobile and internet companies	292 951	371 941
Mobile services	557 639	273 538
Cabels operating and maintenance services	61 359	29 466
customers compensations	1 968	1 968
	<u>913 917</u>	<u>676 913</u>

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

Translation from Arabic

25. PROVISIONS

Claims and liabilities provision Others

Note No.	Balance as of 1/1/2023 L.E. (000)	Charged to income statement during the year L.E. (000)	Used during the year L.E. (000)	Balance as of 31/12/2023 L.E. (000)
(8)	763 973	83 344	(148 044)	699 273
	<u>763 973</u>	<u>83 344</u>	<u>(148 044)</u>	<u>699 273</u>

Claims and liabilities provision*

* Claims provision is related to contingent tax liabilities, lawsuits and compensation in respect of contracts with other.

26. IMPAIRMENT LOSS ON ASSETS

Note No.	Balance as of 1/1/2023 L.E. (000)	Used during the year L.E. (000)	Charged to income statement during the year L.E. (000)	Reversal of impairment income statement L.E. (000)	Balance as of 31/12/2023 L.E. (000)
(17)	7 894	-	-	-	7 894
(18)	40 025	-	-	-	40 025
(19)	155 302	(104 379)	28 722	-	79 645
(20)	2 292 873	(50 006)	322 305	-	2 565 172
(21)	154 865	-	-	(64 011)	90 854
	<u>2 650 959</u>	<u>(154 385)</u>	<u>351 027</u>	<u>(64 011)</u>	<u>2 783 590</u>

Impairment loss on investments in subsidiaries and associates

Impairment loss on investments of financial assets at FVOCI

Write-down of inventories

Impairment loss on trade receivables*

Impairment loss on debtors and other debit balances*

* Impairment of Trade receivables, debtors and other debit balances 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

	31/12/2023	31/12/2022
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Legal reserve	2 938 918	2 571 623
General reserve*	2 794 204	2 787 550
	<u>5 733 122</u>	<u>5 359 173</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 and building items during the years from 2005 to 2020 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>	
	31/12/2023	31/12/2022
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Current income tax	(380 561)	(1 143 037)
Deferred tax	(122 312)	195 153
	<u>(502 873)</u>	<u>(947 884)</u>

29-2 Items recognized in Statement of Other Comprehensive Income

	<u>For the financial year ended</u>	
	31/12/2023	31/12/2022
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Current income tax	137 013	1 224 686
Income tax on translation differences of foreign currency balances	661 876	195 153
Income tax on net change in fair value of financial assets at FVOCI	(1 932)	
	<u>796 957</u>	<u>1 419 839</u>

29-3 Recognized deferred tax assets and liabilities

	<u>31/12/2023</u>		<u>31/12/2022</u>	
	<u>Assets</u> <u>L.E. (000)</u>	<u>(Liabilities)</u> <u>L.E. (000)</u>	<u>Assets</u> <u>L.E. (000)</u>	<u>(Liabilities)</u> <u>L.E. (000)</u>
Fixed assets and projects under construction	-	(1 633 638)	-	(1 393 723)
Intangible assets and usufruct assets	-	(611 842)	-	(520 059)
Foreign currency differences	2 662 087	-	1 877 337	(109 663)
Impairment loss on investments of financial assets at FVOCI	1 881	-	3 813	-
Write-down of inventories	17 920	-	39 921	-
ECL loss on trade receivables and debtors and other debt balances	94 229	-	84 249	-
Provisions	3 986	-	14 625	-
Accrued liabilities	26 399	-	26 890	-
Total deferred tax asset \ (liability)	2 806 502	(2 245 480)	2 046 835	(2 023 445)
Net deferred tax asset	561 022	-	23 390	
Deferred tax charged to the statement of income for the year	537 632		1 419 839	
Deferred tax in the statement of incom of the year		(122 312)	195 153	
Deferred tax in the statement of comprehensive income for the year	659 944		1 224 686	

29-4 Unrecognized deferred tax assets

	<u>31/12/2023</u> <u>L.E. (000)</u>	<u>31/12/2022</u> <u>L.E. (000)</u>
Impairment loss on trade recivables	517 944	490 504
Impairment loss on debtors and other debit balances	29 448	34 844
	547 392	525 348

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 income tax rate

	For the financial year ended:	
	31/12/2023	31/12/2022
	L.E. (000)	L.E. (000)
Net profit for the year before income tax	6 887 209	8 293 777
Income tax according to the current tax law (22.5%)	1 549 622	1 866 100
Tax on dividends from subsidiaries and associates	243 548	159 147
Add / (Less):		
Exempted investments income	(548 157)	(358 080)
Provisions and Impairment on financial assets and inventory	19 082	39 316
Capital profit \ loss	-	4 211
Adjustments on retained earnings	40 531	70 470
Adjustments on other items	1 403	(313 277)
Foreign currencies differences	(803 155)	(520 003)
	(1 046 748)	(918 216)
Income tax	502 874	947 884
Effective tax rate	7.30%	11.43%

29-6 Current income tax

	31/12/2023	31/12/2022
		Reclassified
	L.E. (000)	L.E. (000)
Tax Authority - income tax	-	(983 592)
Less:		
Advanced payments	543 957	200 000
Tax Authority - withholding tax	218 147	1 181 456
	762 104	397 864

- Reclassification was made on comparative figures as shown in Note No. (35).

30. CAPITAL COMMITMENTS

The company's capital commitments for the unexecuted parts of contracts until December 31, 2023 L.E 1 544 million (against L.E. 2001 million as at December 31, 2022).

31. CONTINGENT LIABILITIES

In addition to the amounts included in the separate statement of financial position, the company has the following contingent liabilities at 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*	2 877 711	2 584 959
- Letters of credit	1 543 882	2 857 659

*Letters of guarantee which were issued by banks on behalf of the company and for others on December 31,2023 including letters of guarantee issued in exchange for a cash cover (restricted cash and equivalent) (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 Separate financial statements
For the financial year ended December 31, 2023 (continued)

Translation from Arabic

33-1 RELATED PARTY TRANSACTIONS
There are transactions between Telecom Egypt and its subsidiaries and associates, the following statement contain the most important transactions during the financial year and the balances shown in the separate financial statements date:
Transactions with subsidiaries & associates

	Nature of transaction during the year	Amount of transactions during the year stated in the income statement		Movement during the year		Balance as of 31/12/2022		
		Debit L.E.,000	Credit L.E.,000	Debit L.E.,000	Credit L.E.,000	Debit/(Credit) L.E.,000	Debit/(Credit) L.E.,000	
Debit balances due from subsidiaries								
- Egyptian Telecommunication Company for Information Systems	Services rendered from subsidiary company	844 601	1 319 110	1 729 197	(924 443)	(514 356)		
- Egyptian Telecommunication Company for Information Systems	Lease of subsidiary company premises, electricity claims, maintenance and leased circuits and selling fixed assets	51 126	2 645 623	551 556	2 037 915	(56 152)		
		3 964 733	2 280 753	1 113 472		(570 508)		
- Centra for Technologies	Maintenance and devices supply	574 963	341 617	25 619		(207 727)		
		4 539 696	2 622 370	1 139 091		(778 235)		
Credit balances due to subsidiaries and associates								
- WE Data	Participation contract and Purchasing of fixed assets and services rendered from subsidiaries company	287 209	24 448 355	23 097 262	(1 329 585)	(2 680 678)		
- WE Data	Leased circuits and information transfer network and rendered services	12 267 539	21 162 117	24 221 187	(4 621 476)	(1 562 406)		
		108 854	167 015	136 274	(8 457)	(39 198)		
- TE Data Jordan	Participation contract	8 925	9 898	8 847	4 785	3 734		
- TE Data Jordan	Leased international circuits		176 913	145 121	(3 672)	(35 464)		
- Egyptian International Submarine Cables Company (EISCC)	Leased sites for subsidiary company	18	18	18	-	-		
- Egyptian International Submarine Cables Company (EISCC)	Purchasing of intangible assets from subsidiaries company	-	28	-	(2 671)	(2 699)		
- Egyptian International Submarine Cables Company (EISCC)	Paid expenses and debt on behalf of parent company	-	975	-	978	3		
		1 021	18	18	(1 693)	(2 696)		
- Centra for Electronic Industries	Maintenance & supplying devices	8 513	3 163	9 099	(3 424)	2 512		
- Middle East Radio Communication (MERC)	Leased of information circuits	3 662	4 175	4 175	-	-		
- TE investment Holding	Rendered services from subsidiary company	252 078	365 904	399 694	(71 000)	(37 210)		
- TE investment Holding	Leased sites for subsidiary company	25	25	25	(6)	(6)		
		67 104	365 929	399 719	(71 006)	(37 216)		
- TE France	Participation contract	10 625	68 726	105 017	(145 337)	(109 046)		
- TE Globe	Participation contract		12 617	9 472	(314)	(3 459)		
- Mena Cable	Maintenance - Rendered services from subsidiary company	14 597	184 058	166 027	(141 905)	(159 936)		
- Mena Cable	Paid of expenses on behalf of parent company	5 721	41 171	18 770	(8 802)	(31 203)		
- Mena Cable	Maintenance - Rendered services to subsidiary company	8 482	11 877	-	25 507	13 630		
- Mena Cable	Capital increase	-	7 699	-	7 699	-		
- Mena Cable	Payments of fees on behalf of MENA & Transfer of EISCC debt to parent company	-	243 080	321 065	(785 328)	(707 343)		
		487 885	68 726	505 862	(902 829)	(884 852)		
- Vodafone Egypt Telecommunications Company	Outgoing calls and voice services for associate company	3 366 524						
- Vodafone Egypt Telecommunications Company	Incoming international calls, claims, transmissions, lease of locations and towers for the associate company	4 179 914	8 422 544	8 828 654	(1 083 772)	(677 662)		
		55 153 445	57 325 586	57 325 586	(8 163 108)	(6 769 202)		

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

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. FINANCIAL INSTRUMENTS

34 -1 Credit risk

The carrying amount of financial assets represents the maximum credit risk exposure. The maximum exposure to credit risk at the separate financial statements date as follows:

<u>Description</u>	<u>Note No.</u>	<u>31/12/2023 L.E. (000)</u>	<u>31/12/2022 L.E. (000)</u>
Investments in financial assets at FVOCI	(18)	83 442	74 856
Trade And notes receivables	(20)	7 752 132	6 586 273
Debtors and other debit balances*	(21)	5 081 497	4 762 858
Cash and cash equivalents	(22)	10 271 238	6 154 405
		<u>23 188 309</u>	<u>17 578 392</u>

34-2 Liquidity risk

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

Description	Total	One year or less	From 1-2 years	From 3-5 years	More than 5 years
	L.E. (000)	L.E. (000)	L.E. (000)	L.E. (000)	L.E. (000)
December 31, 2023					
Creditors and other credit balances	40 428 286	29 361 416	9 432 161	734 372	900 337
Loans and credit facilities	58 908 705	36 025 400	6 251 054	15 584 589	1 047 662
Lease obligations	1 297 349	246 609	285 294	301 683	463 763
	100 634 340	65 633 425	15 968 509	16 620 644	2 411 762
December 31, 2022					
Creditors and other credit balances	31 604 095	24 709 605	5 482 485	591 010	820 995
Loans and credit facilities	35 079 812	14 689 714	4 431 078	14 586 505	1 372 515
Lease obligations	1 334 728	245 342	272 353	309 202	507 831
	68 018 635	39 644 661	10 185 916	15 486 717	2 701 341

34-3 Currency risk

Description	U.S. Dollar (000)	Euro (000)	Total LE (000)
December 31, 2023			
Trade receivables	165 958	-	5 111 506
Banks-current accounts and time deposits	298 332	17 234	9 775 673
Total assets in currency	464 290	17 234	14 887 179
Creditors and other credit balances	122 438	258 744	12 584 778
Foreign loans and facilities	931 825	23 424	29 498 110
Total liabilities in currency	1 054 263	282 168	42 082 888
Risk surplus (deficit)	(589 973)	(264 934)	(27 195 709)
Equivalent in Egyptian Pound	(18 171 169)	(9 024 540)	(27 195 709)
December 31, 2022			
Trade receivables	183 784	-	4 536 708
Banks-current accounts and time deposits	211 574	3 084	5 303 583
Total assets in currency	395 358	3 084	9 840 291
Creditors and other credit balances	212 168	234 653	11 391 236
Foreign loans and facilities	1 028 822	33 209	26 267 390
Total liabilities in currency	1 240 990	267 862	37 658 626
Risk surplus (deficit)	(845 632)	(264 778)	(27 818 335)
Equivalent in Egyptian Pound	(20 874 426)	(6 943 909)	(27 818 335)

Exchange rates for currencies against Egyptian pound:

	Average exchange rate during:		Closing exchange rate as at:	
	2023	2022	31/12/2023	31/12/2022
	L.E.	L.E.	L.E.	L.E.
U.S. Dollar	30.2435	19.3754	30.8000	24.6850
Euro	32.7165	20.3850	34.0634	26.2254

34-4 Sensitivity analysis

A 10% power of the foreign currencies against the EGP as of December 31, 2023, may lead to losses increase by an amount of L.E. 2 719 517 K (against L.E. 2 781 834 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.

34-5 Interest rate risk

At the reporting 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 fixed interest rate</u>			
Financial assets – deposits	(22)	8 274 182	3 430 395
Lease liabilities (loans-credit facilities)	(23)	49 316 185	30 743 701
		<u>57 590 367</u>	<u>34 174 096</u>

34-6 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.

The fair value of these financial instruments does not materially differ from its book value.

35. Comparative figures

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

	<u>31/12/2022</u> <u>as previously</u> <u>reported</u> <u>debit / (credit)</u> <u>LE(000)</u>	<u>Reclassification</u> <u>debit / (credit)</u> <u>LE(000)</u>	<u>31/12/2022</u> <u>Reclassified</u> <u>debit / (credit)</u> <u>LE(000)</u>
Fixed assets and projects under construction	49 589 311	8 588 966	58 178 277
Projects under construction	13 912 496	(13 912 496)	-
Other assets	15 059 919	(15 059 919)	-
Intangible assets (licenses and frequencies)	-	15 022 419	15 022 419
Usufruct assets	-	4 662 386	4 662 386
Right of use assets (lease contracts)	-	698 644	698 644
Current income tax	-	397 864	397 864
Debtors and other debit balances	5 944 314	(1 181 456)	4 762 858
Accrued income tax	(783 592)	783 592	-

36- SIGNIFICANT EVENTS

36-1 The effect of exchange rate liberalization

A- The Monetary Policy Committee of the Central Bank decided, in its session held on October 27, 2022, to announce the implementation of the flexible exchange rate system for pricing foreign exchange, provided that the buying and selling prices of currencies are determined in Egyptian pounds based on the conditions of supply and demand, and accordingly the foreign exchange rate increased. Against the Egyptian pound, for example, the US dollar increased from 24.7 Egyptian pounds on December 31, 2022 to 30.8 Egyptian pounds on December 31, 2023.

B- The monetary policy committee of the Central Bank also decided in its previous meetings to raise the overnight deposit and lending rates to reach 21.25%, 22.25%, respectively. The credit and discount rate were raised to 21.75%. Which has a material impact on the company's revenues and financing costs.

36-2 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 <u>on or after January 1, 2023, retrospectively,</u> 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 <u>on or after</u> starting <u>January 1, 2023, retrospectively,</u> 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>

Notes to the Separate financial statements

For the financial year ended December 31, 2023 (continued)

Translation from Arabic

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 on or after January 1, 2023 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 	<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 on or after July 1, 2024, and if the Egyptian Accounting Standard No. (50) shall be applied for an earlier period, the company should disclose that fact.</p>

Notes to the Separate financial statements

For the financial year ended December 31, 2023 (continued)

Translation from Arabic

New or reissued standards	Summary of the most significant amendments	impact on the financial statements	Effective date
	Egyptian Accounting Standard No. (50) "Insurance Contracts", as follows: <ul style="list-style-type: none"> - Egyptian Accounting Standard No. (10) "Fixed Assets " - Egyptian Accounting Standard No. (23) "Intangible Assets". - Egyptian Accounting Standard No. (34) " Investment property " 		

36-3 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 Separate 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>
<u>1-Statement of financial position</u>			
Fixed assets and projects under construction	73 448 179	2 796 775	76 244 954
Intangible assets (licenses and frequencies)	14 195 658	769 171	14 964 829
Usufruct assets	6 403 389	71 364	6 474 753
Deferred tax (Liabilities)/Assets	(2 101 065)	2 662 087	561 022
Retained earnings	(16 100 844)	2 751 731	(13 349 113)
<u>2- Statement of income</u>			
Finance cost	(7 187 930)	7 187 930	(4 594 968)
Depreciations and amortizations	(8 487 254)	558 720	(9 045 974)
Income tax	(1 301 762)	798 889	(502 873)
Basic and diluted earnings per share	(1.17)	4.35	3.19
<u>3-Statement of other comprehensive</u>			
Translation differences of foreign currency balances	-	(3 550 620)	(3 550 620)
Income tax on translation differences of foreign currency balances	-	798 889	798 889

36-4 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.

37. SIGNIFICANT ACCOUNTING POLICIES

-Certain comparative figures have been reclassified to conform to the current presentation of the Separate Financial Statements (note no.35).

37-1 CONSOLIDATED FINANCIAL STATEMENTS

- The company has subsidiaries and in accordance with Egyptian Accounting Standard No. (42) "Consolidated Financial Statements" and Article 188 of the Executive Regulations of Companies Law No. 159 of 1981, the company prepares consolidated financial statements for the company, where it is necessary to refer to them to obtain an understanding of the financial position, business results and cash flows for the company as a whole.

- Both the transferred consideration and the net value of the acquired assets that are identifiable at the time of acquisition are measured at fair value

- An annual impairment test is conducted for the goodwill resulting from the acquisition. Any profits from a negotiated purchase are immediately recognized in profit or loss (if any).

- Acquisition-related costs are treated as an expense in the periods in which the costs are incurred and the services are received with one exception, which is the issuance of securities in return for debt or equity.

- The transferred consideration does not include amounts paid to settle pre-existing relationships between the owner and owned entity, these amounts are usually recognized in profit or loss.

- The potential consideration is measured at fair value at the acquisition date and if the obligation to pay the potential consideration is satisfied. The specific terms of the definition of an equity instrument are classified within equity and are not premeasured and the subsequent settlement is processed It has within equity, other than the foregoing, any other potential material consideration is re-measured at fair value on the date of preparation Financial statements, recognizing any changes in the fair value within the profits.

37-2 Foreign currencies translation

Transactions in foreign currencies are translated to functional currencies of the company 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 Separate statement of income, except for what was included in the statement of other 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".

37-3 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.

Notes to the Separate financial statements

For the financial year ended December 31, 2023 (continued)

Translation from Arabic

- 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 Separate 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 company and its cost can be measured reliably. The costs of the day-to-day servicing of fixed assets are recognized in Separate 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

37-4 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.

37-5 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.

37-5-1 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.

37-5-2 Right of way and right of use

The company 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.

37-6 Investments in associate companies

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

37-7 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

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.

*Notes to the Separate financial statements**For the financial year ended December 31, 2023 (continued)**Translation from Arabic*

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

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 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

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

Notes to the Separate financial statements

For the financial year ended December 31, 2023 (continued)

Translation from Arabic

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 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.

37-8 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.

37-9 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.

1) Non-derivative financial assets

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 company'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 company 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".

- The financial asset has been out for along time according to the nature of each asset.

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.

Presenting 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.

37-11 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.

37-12 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 company's cash management preparing are included as a component of cash equivalents for the purpose of preparing the statement of cash flows. The Separate statement of cash flows is prepared and presented according to direct method.

37-13 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.

37-14 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.

37-15 Grants

Grants are recognized initially as deferred income at fair value when there is reasonable assurance that they will be received and the company 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.

37-16 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.

37-17 Expenses

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

37-18 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.

37-19 Employees benefits

The company 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).

37-20 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 company'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 company'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.

37-21 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.

Notes to the Separate financial statements

For the financial year ended December 31, 2023 (continued)

Translation from Arabic

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 company 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.

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 income

- 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.

Notes to the Separate financial statements

For the financial year ended December 31, 2023 (continued)

Translation from Arabic

37-22 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.

37-23 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.

37-24 Income tax

Income tax on the profit or loss for the year comprises of current and deferred tax. Income tax is recognized in the Separate 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 Separate 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.

37-25 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

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

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

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

37-25-1 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 company's trade and other debtors.

Trade receivable & other debtors

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

Most of company'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 company conducts transactions and deposits funds with financial institutions with high investment grade.

37-25-2 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company'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 company's reputation.

The company 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.

37-25-3 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 company'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 company is exposed to currency risk on transactions that are denominated in a currency other than the respective functional currencies of the company, primarily the U.S. Dollars (USD) and Euro. In respect of monetary assets and liabilities denominated in foreign currencies, the company 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 company 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 company to cash flow interest rate risk. Borrowings issued at fixed rates expose the company 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 company'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 company, the company'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 company's investment strategy is to maximize investment returns and the management consults external advisors in this regard.

37-25-4 Capital management

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 company 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 company's approach to capital management during the year. The company is not subject to externally imposed capital requirements.

38. 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.