

**TELECOM EGYPT COMPANY
AND ITS SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION PREPARED
IN ACCORDANCE WITH IFRS**

FOR THE PERIOD ENDED SEPTEMBER 30, 2023



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

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Telecom Egypt Company (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as at September 30, 2023, and the related interim consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, and the related interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the nine-month period then ended, and explanatory notes.

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

Scope of Review

Except as explained in the *Basis for Qualified Conclusion* section of our report, we conducted our review in accordance with International Standard on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”. A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

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

As disclosed in Note 7 to the interim condensed consolidated financial information, the Group’s investment in Vodafone Egypt Telecommunications Company S.A.E. (the “Associate”) is carried at EGP 12,181,727 thousand on the interim consolidated statement of financial position as at December 31, 2022 and EGP 13,257,374 thousand as at September 30, 2023. The Group’s share of profit of the Associate of EGP 1,961,432 thousand and EGP 3,183,057 thousand is also included in the net profit or loss for the nine-month periods ended September 30, 2022 and September 30, 2023, respectively, which was accounted for using the equity method in accordance with IAS 28 *Investments in Associates and Joint Ventures*. We were not granted access to the Associate, and accordingly, we were unable to perform any related review procedures. Our audit report on the consolidated financial statements of the Group for the year ended December 31, 2022 was also modified in respect of this matter.

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

Qualified Conclusion

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

Other Matters

The Group has also prepared interim condensed consolidated financial information as at and for the nine-month period ended September 30, 2023 in accordance with Egyptian Accounting Standards, which was reviewed by another auditor who expressed a modified conclusion on the financial information on November 14, 2023 due to their inability to obtain reviewed or audited accounts of an investment in associate.




GRANT THORNTON

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

14 FEB 2024

Telecom Egypt Company and its subsidiaries
Interim consolidated statement of financial position
As at September 30, 2023

(Amounts in thousands of Egyptian Pound)	Notes	September 30, 2023 (Unaudited)	December 31, 2022 (Audited) (Restated)
ASSETS			
Non-current assets			
Property and equipment	5	63,418,571	56,456,415
Cost to obtain contracts		1,737,721	1,348,006
Right-of-use-assets		763,196	822,821
Intangible assets	6	19,136,294	18,395,021
Investments in associates	7	13,301,283	12,197,510
Financial assets at FVOCI		74,856	74,856
Other non-financial assets	8	77,339	67,921
Deferred tax assets		961,915	773,909
Total non-current assets		99,471,175	90,136,459
Current assets			
Inventories		4,974,696	4,280,512
Trade and other receivables	8	15,889,892	13,434,157
Current income tax		303,947	490,982
Cash and bank balances	10	10,511,306	6,811,305
Total current assets		31,679,841	25,016,956
TOTAL ASSETS		131,151,016	115,153,415
EQUITY AND LIABILITIES			
Equity			
Share capital		17,070,716	17,070,716
Reserves		6,678,263	6,088,720
Retained earnings		14,939,802	16,930,126
Equity attributable to Owners of the Parent		38,688,781	40,089,562
Non-controlling interests		14,587	14,064
Total equity		38,703,368	40,103,626
Non-current liabilities			
Loans and borrowings	12	21,083,376	20,411,441
Lease liabilities		696,775	740,473
Trade payables	13	7,279,348	7,058,029
Deferred income	14	360,134	325,126
Deferred tax liabilities	8	3,846,598	3,631,980
Total non-current liabilities		33,266,231	32,167,049
Current liabilities			
Loans and borrowings	12	25,348,431	10,414,611
Lease liabilities		276,087	265,581
Trade and other payables	13	29,132,240	28,891,031
Deferred income	14	2,949,883	1,387,052
Amount due to an associate	9	204,772	677,662
Provisions		1,270,004	1,246,803
Total current liabilities		59,181,417	42,882,740
Total liabilities		92,447,648	75,049,789
TOTAL EQUITY AND LIABILITIES		131,151,016	115,153,415

The attached notes on pages from 7 to 18 from an integral part of this interim condensed consolidated financial information.

Ehab Abdo
 Director of Financial Affairs



Board of Directors' approval


Wael Hanafy
 Senior Director of Financial
 Affairs



Mohamed Shamroukh
 Chief Financial Officer



Mohamed Nasr
 Managing Director and
 Chief Executive Officer.



Maged Osman
 Chairman



Telecom Egypt Company and its subsidiaries
Interim consolidated statement of profit or loss and other comprehensive income
For the period ended September 30, 2023

(Amounts in thousands of Egyptian Pound)	Notes	Nine-month period ended September 30,		Three-month period ended September 30,	
		2023 (Unaudited)	2022 (Unaudited) (Restated)	2023 (Unaudited)	2022 (Unaudited) (Restated)
Revenue	15	41,958,241	32,273,932	13,822,581	11,872,525
Cost of revenue	16	(24,592,307)	(18,811,211)	(8,246,932)	(6,579,541)
Gross profit		17,365,934	13,462,721	5,575,649	5,292,984
Selling and marketing expenses	17	(3,539,808)	(2,899,110)	(1,192,067)	(930,758)
Administrative expenses	18	(4,244,888)	(3,304,115)	(1,484,553)	(1,199,593)
Impairment loss on trade receivables		(188,477)	(67,937)	(87,133)	(111,144)
Other operating income		377,865	421,979	167,500	111,673
Other operating expenses	19	(3,784,826)	(1,879,629)	256,352	(663,383)
Operating profit		5,985,800	5,733,909	3,235,748	2,499,779
Finance income		524,175	124,685	153,103	31,634
Finance costs		(3,571,152)	(1,118,715)	(1,416,597)	(487,784)
Net finance cost		(3,046,977)	(994,030)	(1,263,494)	(456,150)
Other non-operating income		5,899	2,897	328	-
Other non-operating expense		(4,433,877)	(2,156,149)	31,397	(6,149)
Share of profit of associates - net of tax		3,211,183	1,982,598	1,383,588	947,339
INCOME BEFORE INCOME TAX		1,722,028	4,569,225	3,387,567	2,984,819
Income tax expense		(1,267,121)	(2,186,573)	(864,706)	(880,110)
NET PROFIT FOR THE PERIOD		454,907	2,382,652	2,522,861	2,104,709
Other comprehensive income					
<i>Item that may be re-classified to profit or loss in subsequent periods</i>					
Exchange differences on translation of foreign operations		282,467	165,220	(18,203)	16,060
Total other comprehensive income/(loss)		282,467	165,220	(18,203)	16,060
Total comprehensive income for the period		737,374	2,547,872	2,504,658	2,120,769
Net profit attributable to:					
Owners of the Parent		450,592	2,380,605	2,522,000	2,103,671
Non-controlling interests		4,315	2,047	861	1,038
Net profit for the period		454,907	2,382,652	2,522,861	2,104,709
Total comprehensive income attributable to:					
Owners of the Parent		733,059	2,545,825	2,503,797	2,119,731
Non-controlling interests		4,315	2,047	861	1,038
Total comprehensive income for the period		737,374	2,547,872	2,504,658	2,120,769
Earnings per share (expressed in EGP):					
Basic earnings per share (EGP)		0.26	1.39	1.48	1.23
Diluted earnings per share (EGP)		0.26	1.39	1.48	1.23

The attached notes on pages from 7 to 18 from an integral part of this interim condensed consolidated financial information.

Telecom Egypt Company and its subsidiaries
Interim consolidated statement of changes in equity
For the period ended September 30, 2023

(Amounts in thousands of Egyptian Pound)

	Attributable to Owners of the Parent							Non-controlling interests	Total equity
	Share capital	Legal reserve	Translation reserve	Other reserve	Retained earnings	Total	Total		
Balances as at January 1, 2022	17,070,716	2,351,347	(40,563)	2,787,550	21,125,743	43,294,793	12,503	43,307,296	
Effect of restatement	-	220,276	-	-	(227,719)	(7,443)	-	(7,443)	
Balance as at January 1, 2022 (Restated) (Audited)	17,070,716	2,571,623	(40,563)	2,787,550	20,898,024	43,287,350	12,503	43,299,853	
Net profit for the period	-	-	-	-	2,380,605	2,380,605	2,047	2,382,652	
Other comprehensive income	-	-	165,221	-	-	165,221	-	165,221	
Total comprehensive income for the period	-	-	165,221	-	2,380,605	2,545,826	2,047	2,547,873	
Transfer to legal reserve	-	162,578	-	-	(162,578)	-	-	-	
Dividends (Note 11)	-	-	-	-	(1,707,072)	(1,707,072)	(2,797)	(1,709,869)	
Other adjustments	-	-	-	-	(198)	(198)	-	(198)	
Balance as at September 30, 2022 (Unaudited)	17,070,716	2,734,201	124,658	2,787,550	21,408,781	44,125,906	11,753	44,137,659	
Balance as at January 1, 2023 (Audited)	17,070,716	2,938,918	402,277	2,747,525	16,930,126	40,089,562	14,064	40,103,626	
Net profit for the period	-	-	-	-	450,592	450,592	4,315	454,907	
Other comprehensive income	-	-	282,467	-	-	282,467	-	282,467	
Total comprehensive income for the period	-	-	282,467	-	450,592	733,059	4,315	737,374	
Transfer to legal reserve	-	307,076	-	-	(307,076)	-	-	-	
Dividends (Note 11)	-	-	-	-	(2,133,840)	(2,133,840)	(3,792)	(2,137,632)	
Balance as at September 30, 2023 (Unaudited)	17,070,716	3,245,994	684,744	2,747,525	14,939,802	38,688,781	14,587	38,703,368	

The attached notes on pages from 7 to 18 from an integral part of this interim condensed consolidated financial information.

Telecom Egypt Company and its subsidiaries
Interim consolidated statement of cash flows
For the period ended September 30, 2023

(Amounts in thousands of Egyptian Pound)		Nine-month period ended September 30, 2023	Nine-month period ended September 30, 2022
	Notes	(Unaudited)	(Unaudited)
Operating activities			
Profit for the period before tax		1,722,028	4,569,225
<i>Adjustments for:</i>			
Depreciation of property and equipment	5	4,993,038	3,787,320
Amortisation of cost to obtain contracts		390,833	336,756
Depreciation of right-of-use assets		220,881	162,107
Amortisation of intangible assets	6	1,269,032	933,371
Share of profit of associates		(3,211,183)	(1,982,598)
Allowance for expected credit losses		188,477	67,937
Provision for inventories		(126,848)	88,797
Net movement in provisions		23,201	(107,777)
Loss on disposal of property and equipment		13,325	9,408
Net foreign exchange differences		5,965,118	2,994,040
Dividend income		(5,899)	(2,897)
Finance costs		3,571,152	1,118,715
Finance income		(524,175)	(124,685)
Cash from operations		14,488,980	11,849,719
<i>Working capital changes:</i>			
Trade and other receivables		(2,165,887)	(3,396,441)
Cost to obtain contracts		(780,548)	(404,996)
Inventories		(567,336)	(1,184,526)
Trade and other payables		2,712,531	3,969,517
Amount due to associate		(472,890)	(726,780)
Deferred income		1,597,839	1,369,148
Restricted bank balances		(12,917)	(2,070)
		14,799,772	11,473,571
Interest paid		(2,937,148)	(710,434)
Income tax paid		(494,480)	(993,322)
Net cash flows from operating activities		11,368,144	9,769,815
Investing activities			
Purchase of property and equipment		(15,572,343)	(9,264,104)
Purchase of intangible assets		(2,812,797)	(1,933,568)
Proceeds from disposal of property and equipment and intangible assets		295	96
Purchase of treasury bills		-	(596,933)
Proceeds from disposal of treasury bills		96,623	623,577
Interest received		299,269	18,726
Dividends received from associate		1,901,523	1,173,620
Net cash flows used in investing activities		(16,087,430)	(9,978,586)
Financing activities			
Repayment of loans and borrowings		(3,322,444)	(1,523,140)
Net proceeds (payments) of credit facilities		14,065,955	2,991,184
Payments of lease liabilities		(297,807)	(203,289)
Dividends paid to Owners of the Parent		(2,133,840)	(1,706,504)
Dividends paid to non-controlling interests		(3,792)	(2,797)
Net cash flows from/(used in) financing activities		8,308,072	(444,546)
Net change in cash and cash equivalents		3,588,786	(653,317)
Cash and cash equivalents at January 1,		6,751,791	2,922,993
Net foreign exchange difference		98,298	17,699
Cash and cash equivalents at September 30,	10	10,438,875	2,287,375

The attached notes on pages from 7 to 18 from an integral part of this interim condensed consolidated financial information.

Telecom Egypt Company and its subsidiaries
Notes to the interim condensed consolidated financial information
For the period ended September 30, 2023

1 General Information

Telecom Egypt Company (the “Company” or the “Parent”) is an Egyptian joint stock company registered in the Arab Republic of Egypt and is engaged in the provision of public communications and associated products and services. The Company is subject to the provisions of the Companies Law No. 159 of 1981 and Capital Market Law No. 95 of 1992 and is registered in the Commercial Register under number 3930, Cairo, Egypt.

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

As at September 30, 2023, 70% of the Company’s shares are held by the Government of Egypt (2022: 80%) and the remaining 30% are listed on the Egypt Stock Exchange (“Egyptian Exchange”) (2022: 20%). In addition, the Company’s global depositary receipts are listed on the London Stock Exchange (each consisting of five ordinary shares).

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

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

The interim condensed consolidated financial information of the Group for the nine-month period ended September 30, 2023 comprise the financial information of the Company and its subsidiaries (together referred to as the “Group”). The Group also holds interests in associates. Information on the Group’s structure is provided in the annual consolidated financial statements of the Group as at and for the year ended December 31, 2022, which remains unchanged.

The Group has also prepared interim condensed consolidated financial information in accordance with Egyptian Accounting Standards for the nine-month period ended September 30, 2023, which do not constitute part of this interim condensed consolidated financial information and were issued on November 14, 2023 and published on the Egyptian Exchange.

Telecom Egypt Company and its subsidiaries
Notes to the interim condensed consolidated financial information (continued)
For the period ended September 30, 2023

2 Basis of preparation and changes to accounting policies

2.1 Basis of preparation

The interim condensed consolidated financial information for the nine-month period ended September 30, 2023 has been prepared in accordance with International Accounting Standard 34: *Interim Financial Reporting* (IAS 34).

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2022. In addition, the results for the nine-month period ended September 30, 2023 are not indicative of the results that may be expected for the financial year ending December 31, 2023.

2.2 Functional and presentation currency

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

2.3 Significant accounting estimates and judgments

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

The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied in the preparation of the consolidated financial statements of the Group as at and for the year ended December 31, 2022.

2.4 Fair value measurement

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

3 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2022, except for the adoption of new standards effective as of January 1, 2023, where appropriate. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments listed below apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial information of the Group.

- IFRS 17 Insurance Contracts;
- Definition of Accounting Estimates - Amendments to IAS 8;
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2; and
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12.

Telecom Egypt Company and its subsidiaries
Notes to the interim condensed consolidated financial information (continued)
For the period ended September 30, 2023

(Amounts in thousands of Egyptian Pound)

4 Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements of the Group as at and for the year ended December 31, 2022.

5 Property and equipment

During the period ended September 30, 2023, the Group acquired various property and equipment amounting to EGP 12,329,369 (2022: EGP 5,387,895).

Depreciation charge on property and equipment for the period ended September 30, 2023 amounted to EGP 4,993,038 (2022: EGP 3,787,320).

6 Intangible assets

During the period ended September 30, 2023, the Group acquired various intangible assets amounting to EGP 1,618,821 (2022: EGP 3,720,288).

Amortisation charge on intangible assets for the period ended September 30, 2023 amounted to EGP 1,269,032 (2022: EGP 933,371).

7 Investments in associates

The Group has the following investments in associates:

	Ownership		Carrying amount	
	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Vodafone Egypt Telecommunication Company S.A.E	44.95%	44.95%	13,257,374	12,181,727
Egypt Trust	35.71%	35.71%	42,659	14,533
New matrix for technology	25.50%	25.50%	1,250	1,250
Wataneya for Telecommunication*	50.00%	50.00%	-	-
			13,301,283	12,197,510

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

Vodafone Egypt Telecommunications Company S.A.E.

The investment in Vodafone Egypt represents the ownership of 107,869,799 shares as at September 30, 2023 and December 31, 2022. The movement in the investment for the period is as follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
As at January 1,	12,181,727	10,922,615
Share of net profit and total comprehensive income	3,183,057	2,561,008
Dividends received	(2,107,410)	(1,301,896)
	13,257,374	12,181,727

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

Telecom Egypt Company and its subsidiaries
Notes to the interim condensed consolidated financial information (continued)
For the period ended September 30, 2023

(Amounts in thousands of Egyptian Pound)

8 Trade and other receivables

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited) (Restated)
Trade receivables – local, net	3,790,229	3,541,671
Trade receivables – foreign, net	5,790,009	4,366,884
Notes receivable	199,853	246,286
Trade and notes receivable, net	9,780,091	8,154,841
Advance payments to suppliers	1,177,848	688,358
Deposits with others	358,969	321,016
Due from ministries, organisations, companies and franchises	1,920,742	1,113,386
Withholding taxes	4,077	4,077
Value added taxes	923,909	2,176,439
Other receivables	1,801,595	1,043,961
Other receivables	6,187,140	5,347,237
	15,967,231	13,502,078
Non-current (Advances to suppliers)	77,339	67,921
Current	15,889,892	13,434,157
	15,967,231	13,502,078

9 Related parties

Identity of related parties

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

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

During the period ended September 30, 2023, the Group incurred cost of revenue of EGP 2,500 million (2022: EGP 1,995 million) in relation to receipt of telecommunications and related services from the associate.

The Group earned revenue of EGP 3,589 million from telecommunication and related services provided to the associate during the period ended September 30, 2023 (2022: EGP 2,151 million).

The balance due to Vodafone Egypt Telecommunications Company S.A.E. at September 30, 2023 is EGP 205 million (2022: payable of EGP 678 million).

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

Dividends received from the associate is disclosed in Note 7.

Transactions and balances with the Government of Egypt

As disclosed in Note 1, the Company is 70% owned by the Government of Egypt (2022: 80%). The Group, in the normal course of business, provides goods and services to Governmental bodies and earns revenue from such transactions.

Telecom Egypt Company and its subsidiaries
Notes to the interim condensed consolidated financial information (continued)
For the period ended September 30, 2023

(Amounts in thousands of Egyptian Pound)

9 Related parties (continued)

Transactions and balances with the Government of Egypt (continued)

Other transactions and balances with the Governmental bodies, including but not limited to those related to taxes, and are disclosed in the relevant notes in this interim condensed consolidated financial information.

Key management compensation

During the nine-month periods ended September 30, 2023 and September 30, 2022, the Group incurred salaries, allowances and other benefits to its key management personal, and included these expenses within salaries and wages in the interim consolidated statement of profit or loss and other comprehensive income.

10 Cash and cash equivalents

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Bank balances - current accounts	3,727,309	2,818,478
Bank balances - time deposits	6,626,246	3,544,872
Treasury bills	-	348,078
Money market funds	137,956	93,110
Cash in hand	19,795	6,767
Cash and cash balances	10,511,306	6,811,305
Less: restricted bank balances*	(72,431)	(59,514)
Cash and cash equivalents	10,438,875	6,751,791

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

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
EGP	4 to 12.95%	4 to 12.95%
USD	LIBOR plus (1.5 to 2.0%)	LIBOR plus (1.5 to 2.0%)

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

11 Dividends

Dividends of EGP 1.25 per share (expressed in EGP) amounting to EGP 2,133,840 thousand were declared by the Company during the period ended September 30, 2023 (2022: EGP 1 per share (expressed in EGP) amounting to EGP 1,707,072 thousand).

Telecom Egypt Company and its subsidiaries
Notes to the interim condensed consolidated financial information (continued)
For the period ended September 30, 2023

(Amounts in thousands of Egyptian Pound)

12 Loans and borrowings

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Non-current liabilities		
Foreign loans	18,386,946	16,624,276
Local facilities – foreign currencies	2,696,430	3,787,165
	21,083,376	20,411,441
Current liabilities		
Foreign loans	3,623,126	3,808,018
Local facilities – local currencies	13,137,128	4,529,316
Local facilities – foreign currencies	8,585,607	2,075,204
Supplier facilities	2,570	2,073
	25,348,431	10,414,611

13 Trade and other payables

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited) (Restated)
Trade payables	22,182,868	24,557,790
Notes payable	30,517	15,746
Due to organisations and companies	483,718	402,373
Trade payables and notes payables	22,697,103	24,975,909
Accrued expenses	1,660,085	1,753,713
Other taxes payable	2,529,010	2,712,186
Deposits from others	686,294	621,624
Advances from customers	4,658,637	2,588,686
Due to National Telecommunication Regulatory Authority (NTRA)	2,653,772	2,154,536
Other credit balances	1,526,687	1,142,406
Other payables	13,714,485	10,973,151
Total trade and other payables	36,411,588	35,949,060
Non-current portion (trade payables)	7,279,348	7,058,029
Current portion	29,132,240	28,891,031
Total trade and other payables	36,411,588	35,949,060

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Notes to the interim condensed consolidated financial information (continued)
For the period ended September 30, 2023

(Amounts in thousands of Egyptian Pound)

14 Deferred income

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Internet and telecommunications services	806,173	691,297
Operating services and maintenance	420,763	373,434
Mobile services	431,629	273,538
Transmission services	1,649,484	371,941
Others	1,968	1,968
Total deferred income	3,310,017	1,712,178
Non-current portion	360,134	325,126
Current portion	2,949,883	1,387,052
Total deferred income	3,310,017	1,712,178

15 Revenue

	Nine-month period ended September 30,	
	2023 (Unaudited)	2022 (Unaudited)
Home and personal communications	18,536,202	15,870,730
Enterprise	4,618,798	3,946,928
Domestic wholesale	6,144,496	4,658,015
International carrier	5,594,500	3,462,787
International cables and networks	7,064,245	4,335,472
	41,958,241	32,273,932

16 Cost of revenue

	Nine-month period ended September 30,	
	2023 (Unaudited)	2022 (Unaudited)
Call costs	6,291,938	4,827,734
Depreciation of property and equipment	4,907,606	3,717,203
Salaries and other employee benefits	4,094,019	3,001,568
Organisation service costs	2,055,537	1,481,952
Frequencies and licenses	1,888,411	1,705,490
Amortisation of intangible assets	1,269,030	933,371
Cost of goods sold	690,712	405,282
Fuel	649,673	592,703
Maintenance	645,922	341,738
Amortisation of cost to obtain contracts	390,833	336,756
Leased circuits and satellite subscriptions	362,663	140,675
Others	1,345,963	1,326,739
	24,592,307	18,811,211

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Notes to the interim condensed consolidated financial information (continued)
For the period ended September 30, 2023

(Amounts in thousands of Egyptian Pound)

17 Selling and distribution expenses

	Nine-month period ended September 30,	
	2023 (Unaudited)	2022 (Unaudited)
Salaries and other employee benefits	1,875,192	1,587,304
Advertisements	939,666	618,669
Sales and collection commissions	496,955	463,286
Organisation service costs	44,292	5,588
Depreciation of right-of-use assets	43,964	43,362
Tax and fees	14,913	35,037
Depreciation of property and equipment	7,500	7,218
Others	117,326	138,646
Total selling and distribution expenses	3,539,808	2,899,110

18 Administrative expenses

	Nine-month period ended September 30,	
	2023 (Unaudited)	2022 (Unaudited)
Salaries and other employee benefits	3,074,629	2,475,494
Organisation service costs	352,132	276,784
Tax and duties	254,353	153,673
Takaful contribution expense	134,862	104,090
Depreciation of property and equipment	77,933	62,899
Depreciation of right-of-use assets	45,030	34,564
Bank charges	36,495	35,754
Others	269,454	160,857
Total administrative expenses	4,244,888	3,304,115

19 Other operating expenses

	Nine-month period ended September 30,	
	2023 (Unaudited)	2022 (Unaudited) (Restated)
Translation loss of foreign currencies balances and transactions	3,535,357	1,806,147
Provisions	174,056	-
Donations	62,088	49,335
Loss on disposal of property and equipment	13,325	9,408
Others	-	14,739
	3,784,826	1,879,629

20 Commitments

The Group's capital commitments for the unexecuted parts as at September 30, 2023 amounted to EGP 1,141 million (2022: EGP 2,161 million).

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

Telecom Egypt Company and its subsidiaries
Notes to the interim condensed consolidated financial information (continued)
For the period ended September 30, 2023

(Amounts in thousands of Egyptian Pound)

21 Contingencies

The Group has the following contingent liabilities:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Contingencies - Group		
Letters of guarantee issued by banks on behalf of the Group	3,493,962	3,140,560
Contingencies – Group’s share		
Letters of guarantee issued by banks on behalf of an associate	204,522	202,725

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

22 Segment information

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

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

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

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

Telecom Egypt Company and its subsidiaries
Notes to the interim condensed consolidated financial information (continued)
For the period ended September 30, 2023

(Amounts in thousands of Egyptian Pound)

22 Segment information (continued)

As at / or for the period ended September 30, 2023 - unaudited	Communication, marine cables and infrastructure	Internet	Outsourcing	Others	Total
Revenue					
External customers - local	13,148,026	15,510,766	221,553	419,151	29,299,496
External customers -foreign	11,151,198	187,481	1,320,066	-	12,658,745
Total external customers	24,299,224	15,698,247	1,541,619	419,151	41,958,241
Inter-segment	8,204,748	106,407	1,569,127	738,572	10,618,854
Gross profit	9,699,486	7,151,380	450,257	64,811	17,365,934
Call costs	(6,291,938)	-	-	-	(6,291,938)
Salaries and other employee benefits	(6,692,610)	(1,351,085)	(800,000)	(205,065)	(9,048,760)
Interest income	458,705	44,858	2,960	17,652	524,175
Finance costs	(3,539,610)	(6,703)	(9,164)	(15,675)	(3,571,152)
Depreciation and amortisation	(4,699,911)	(2,014,531)	(155,047)	(4,295)	(6,873,784)
Share of profit of associates	3,211,183	-	-	-	3,211,183
(Loss)/gain on exchange differences	(7,197,336)	(799,314)	49,573	(22,157)	(7,969,234)
Impairment loss/gain on financial assets	(195,959)	22,932	(15,384)	(66)	(188,477)
Income tax expense	(676,727)	(478,107)	(99,091)	(13,196)	(1,267,121)
Total assets	121,997,744	7,232,493	1,312,600	608,179	131,151,016
Investments in associates	13,300,033	-	-	1,250	13,301,283
Total liabilities	85,349,398	2,878,107	1,396,691	2,823,452	92,447,648
Capital expenditure	16,855,308	216,301	68,086	1,676	17,141,371

Telecom Egypt Company and its subsidiaries
Notes to the interim condensed consolidated financial information (continued)
For the period ended September 30, 2023

(Amounts in thousands of Egyptian Pound)

22 Segment information (continued)

As at December 31, 2022 (audited) / or for the period ended September 30, 2022 (unaudited)	Communication, marine cables and infrastructure	Internet	Outsourcing	Others	Total
Revenue					
External customers - local	10,895,308	13,105,230	236,878	238,257	24,475,673
External customers - foreign	6,743,306	122,012	932,941	-	7,798,259
Total external customers	17,638,614	13,227,242	1,169,819	238,257	32,273,932
Inter-segment	6,445,036	70,101	1,274,901	1,123,305	8,913,343
Gross profit	1,589,151	11,414,492	448,928	10,150	13,462,721
Call costs	(4,827,734)	-	-	-	(4,827,734)
Salaries and other employee benefits	(5,397,879)	(889,852)	(623,217)	(156,698)	(7,067,646)
Interest income	93,181	20,500	2,003	9,001	124,685
Finance costs	(1,088,395)	(13,910)	(13,071)	(3,339)	(1,118,715)
Depreciation and amortisation	(3,095,210)	(2,010,484)	(108,556)	(5,304)	(5,219,554)
Share of profit of associates	1,982,598	-	-	-	1,982,598
(Loss)/gain on exchange differences	(3,809,031)	(224,071)	13,824	56,982	(3,962,296)
Impairment loss/gain on financial assets	(116,962)	44,337	(3,359)	8,047	(67,937)
Income tax expense	(1,312,821)	(768,244)	(88,884)	(16,624)	(2,186,573)
Total assets	107,353,157	6,772,012	1,146,655	535,804	115,807,628
Investments in associates	12,196,260	-	-	1,250	12,197,510
Total liabilities	69,170,722	2,333,516	626,406	3,573,358	75,704,002
Capital expenditure	21,325,689	360,397	69,756	3,701	21,759,543

Telecom Egypt Company and its subsidiaries
Notes to the interim condensed consolidated financial information (continued)
For the period ended September 30, 2023

(Amounts in thousands of Egyptian Pound)

23 Comparative information

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

<i>Effect on the consolidated statement of financial position for the year ended December 31, 2022</i>	As previously reported (Audited)	Reclassification (Audited)	As currently reported (Audited)
Current income tax	-	490,982	490,982
Trade and other receivables-current	14,579,352	(1,145,195)	13,434,157
Trade and other payables-current	(28,882,039)	(8,992)	(28,891,031)
Income tax payable	(663,205)	663,205	-

<i>Effect on the consolidated statement of profit or loss and other comprehensive income for the period ended September 30, 2022 – unaudited</i>	As previously reported (Unaudited)	Reclassification (Unaudited)	As currently reported (Unaudited)
Other operating expense	(73,482)	(1,806,147)	(1,879,629)
Other non-operating income	-	2,897	2,897
Other non-operating expense	-	(2,156,149)	(2,156,149)
Finance income	127,582	(2,897)	124,685
Finance cost	(5,081,011)	3,962,296	(1,118,715)