

**TELECOM EGYPT COMPANY  
AND ITS SUBSIDIARIES**

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

**FOR THE PERIOD ENDED JUNE 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 June 30, 2023, and the related interim consolidated statement of profit or loss and other comprehensive income for the three-month and six-month periods then ended, and the related interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the six-month period then ended, and explanatory notes.

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

### Scope of Review

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

### Basis for Qualified Conclusion

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

As disclosed in Note 7 to the interim condensed consolidated financial information, the Group’s investment in Vodafone Egypt Telecommunications Company S.A.E. (the “Associate”) is carried at EGP 12,181,727 thousand on the interim consolidated statement of financial position as at December 31, 2022 and EGP 11,886,080 thousand as at June 30, 2023. The Group’s share of profit of the Associate of EGP 1,027,010 thousand and EGP 1,811,763 thousand is also included in the net profit or loss for the six-month periods ended June 30, 2022 and June 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 procedure. 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 six-month period ended June 30, 2023 in accordance with Egyptian Accounting Standards, which was reviewed by another auditor who expressed a modified conclusion on the financial information on August 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 June 30, 2023**

(Amounts in thousands of Egyptian Pound)	Notes	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	5	60,260,386	56,456,415
Cost to obtain contracts		1,354,369	1,348,006
Right-of-use-assets		787,766	822,821
Intangible assets	6	18,585,080	18,395,021
Investments in associates	7	11,917,695	12,197,510
Financial assets at FVOCI		74,856	74,856
Other non-financial assets	8	79,808	67,921
Deferred tax assets		1,195,398	773,909
<b>Total non-current assets</b>		<b>94,255,358</b>	<b>90,136,459</b>
<b>Current assets</b>			
Inventories		4,866,703	4,280,512
Trade and other receivables	8	18,689,957	14,579,352
Amount due from an associate	9	529,723	-
Cash and bank balances	10	9,811,230	6,811,305
<b>Total current assets</b>		<b>33,897,613</b>	<b>25,671,169</b>
<b>TOTAL ASSETS</b>		<b>128,152,971</b>	<b>115,807,628</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		17,070,716	17,070,716
Reserves		6,675,624	6,088,720
Retained earnings		12,438,644	16,930,126
<b>Equity attributable to Owners of the Parent</b>		<b>36,184,984</b>	<b>40,089,562</b>
Non-controlling interests		13,726	14,064
<b>Total equity</b>		<b>36,198,710</b>	<b>40,103,626</b>
<b>Non-current liabilities</b>			
Loans and borrowings	12	22,270,942	20,411,441
Lease liabilities		696,939	740,473
Trade payables	13	10,475,341	7,058,029
Deferred income	14	373,043	325,126
Deferred tax liabilities	8	3,364,994	3,631,980
<b>Total non-current liabilities</b>		<b>37,181,259</b>	<b>32,167,049</b>
<b>Current Liabilities</b>			
Loans and borrowings	12	21,770,320	10,414,611
Lease liabilities		311,310	265,581
Trade and other payables	13	27,315,941	28,882,039
Deferred income	14	4,060,274	1,387,052
Amount due to an associate	9	-	677,662
Income tax payable		110,155	663,205
Provisions		1,205,002	1,246,803
<b>Total current liabilities</b>		<b>54,773,002</b>	<b>43,536,953</b>
<b>Total liabilities</b>		<b>91,954,261</b>	<b>75,704,002</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>128,152,971</b>	<b>115,807,628</b>

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



Wael Hanafy  
 Senior Director of Financial  
 Affairs



Mohamed Shamroukh  
 Chief Financial Officer

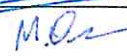


Mohamed Nasr  
 Managing Director and  
 Chief Executive Officer



Board of Directors' approval

Maged Osman  
 Chairman



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

(Amounts in thousands of Egyptian Pound)	Notes	Six-month period ended June 30,		Three-month period ended June 30,	
		2023 (Unaudited)	2022 (Unaudited) (Restated)	2023 (Unaudited)	2022 (Unaudited) (Restated)
Revenue	15	28,135,660	20,401,407	14,176,999	10,984,254
Cost of revenue	16	(16,345,375)	(12,231,670)	(8,666,634)	(6,362,239)
<b>Gross profit</b>		<b>11,790,285</b>	<b>8,169,737</b>	<b>5,510,365</b>	<b>4,622,015</b>
Selling and marketing expenses	17	(2,347,741)	(1,968,352)	(1,270,164)	(1,012,179)
Administrative expenses	18	(2,760,335)	(2,104,522)	(1,455,012)	(1,114,036)
(Impairment loss)/reversal on trade receivables		(101,344)	43,207	(76,585)	112,754
Other operating income		210,365	311,017	130,104	170,810
Other operating expenses	19	(4,041,179)	(1,216,246)	(586,794)	(213,701)
<b>Operating profit</b>		<b>2,750,051</b>	<b>3,234,841</b>	<b>2,251,914</b>	<b>2,565,663</b>
Finance income		371,072	93,051	151,062	31,103
Finance costs		(2,154,555)	(630,931)	(1,155,491)	(348,774)
<b>Net finance costs</b>		<b>(1,783,483)</b>	<b>(537,880)</b>	<b>(1,004,429)</b>	<b>(317,671)</b>
Other non-operating income		5,571	2,897	959	771
Other non-operating expense		(4,465,274)	(2,150,000)	(30,615)	-
Share of profit of associates - net of tax		1,827,595	1,035,259	1,002,286	704,561
<b>(LOSS)/PROFIT BEFORE INCOME TAX</b>		<b>(1,665,540)</b>	<b>1,585,117</b>	<b>2,220,115</b>	<b>2,953,324</b>
Income tax expense		(402,415)	(1,306,463)	(491,012)	(800,641)
<b>NET (LOSS)/PROFIT FOR THE PERIOD</b>		<b>(2,067,955)</b>	<b>278,654</b>	<b>1,729,103</b>	<b>2,152,683</b>
<b>Other comprehensive income</b>					
<i>Item that may be re-classified to profit or loss in subsequent periods</i>					
Exchange differences on translation of foreign operations		300,670	149,160	2,248	11,534
<b>Total other comprehensive income</b>		<b>300,670</b>	<b>149,160</b>	<b>2,248</b>	<b>11,534</b>
<b>TOTAL COMPREHENSIVE (LOSS)/PROFIT FOR THE PERIOD</b>		<b>(1,767,285)</b>	<b>427,814</b>	<b>1,731,351</b>	<b>2,164,217</b>
<b>Net (loss)/income attributable to:</b>					
Owners of the Parent		(2,071,409)	277,645	1,725,801	2,152,162
Non-controlling interests		3,454	1,009	3,302	521
<b>Net (loss)/profit for the period</b>		<b>(2,067,955)</b>	<b>278,654</b>	<b>1,729,103</b>	<b>2,152,683</b>
<b>Total comprehensive (loss)/income attributable to:</b>					
Owners of the Parent		(1,770,739)	426,805	1,728,049	2,163,696
Non-controlling interests		3,454	1,009	3,302	521
<b>Total comprehensive (loss)/income for the period</b>		<b>(1,767,285)</b>	<b>427,814</b>	<b>1,731,351</b>	<b>2,164,217</b>
<b>(Loss)/earnings per share (expressed in EGP):</b>					
Basic (loss)/earnings per share (EGP)		(1.21)	0.16	1.01	1.26
Diluted (loss)/earnings per share (EGP)		(1.21)	0.16	1.01	1.26

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 June 30, 2023**

(Amounts in thousands of Egyptian Pound)

	<u>Total equity attributable to Owners of the Company</u>							
	Share capital	Legal reserve	Translation reserve	Other reserve	Retained earnings	Total	Non-controlling interests	Total equity
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)
<b>Balance as at January 1, 2022 (Restated) (Audited)</b>	<b>17,070,716</b>	<b>2,571,623</b>	<b>(40,563)</b>	<b>2,787,550</b>	<b>20,898,024</b>	<b>43,287,350</b>	<b>12,503</b>	<b>43,299,853</b>
Net profit for the period	-	-	-	-	277,645	277,645	1,009	278,654
Other comprehensive income	-	-	149,160	-	-	149,160	-	149,160
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>149,160</b>	<b>-</b>	<b>277,645</b>	<b>426,805</b>	<b>1,009</b>	<b>427,814</b>
Transfer to legal reserve	-	129,795	-	-	(129,795)	-	-	-
Dividends (Note 11)	-	-	-	-	(1,707,072)	(1,707,072)	(2,797)	(1,709,869)
Other adjustments	-	-	-	-	(198)	(198)	-	(198)
<b>Balance as at June 30, 2022 (Unaudited)</b>	<b>17,070,716</b>	<b>2,701,418</b>	<b>108,597</b>	<b>2,787,550</b>	<b>19,338,604</b>	<b>42,006,885</b>	<b>10,715</b>	<b>42,017,600</b>
<b>Balance as at January 1, 2023 (Audited)</b>	<b>17,070,716</b>	<b>2,938,918</b>	<b>402,277</b>	<b>2,747,525</b>	<b>16,930,126</b>	<b>40,089,562</b>	<b>14,064</b>	<b>40,103,626</b>
Net loss for the period	-	-	-	-	(2,071,409)	(2,071,409)	3,454	(2,067,955)
Other comprehensive income	-	-	300,670	-	-	300,670	-	300,670
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>300,670</b>	<b>-</b>	<b>(2,071,409)</b>	<b>(1,770,739)</b>	<b>3,454</b>	<b>(1,767,285)</b>
Transfer to legal reserve	-	286,234	-	-	(286,234)	-	-	-
Dividends (Note 11)	-	-	-	-	(2,133,839)	(2,133,839)	(3,792)	(2,137,631)
<b>Balance as at June 30, 2023 (Unaudited)</b>	<b>17,070,716</b>	<b>3,225,152</b>	<b>702,947</b>	<b>2,747,525</b>	<b>12,438,644</b>	<b>36,184,984</b>	<b>13,726</b>	<b>36,198,710</b>

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 June 30, 2023**

(Amounts in thousands of Egyptian Pound)		Six-month period ended June 30,	
	Note	2023 (Unaudited)	2022 (Unaudited)
<b>Operating activities</b>			
(Loss)/profit for the period before tax		(1,665,540)	1,585,117
<i>Adjustments for:</i>			
Depreciation of property and equipment	5	3,278,701	2,498,295
Amortisation of cost to obtain contracts		258,341	219,496
Depreciation of right-of-use assets		145,109	101,457
Amortisation of intangible assets	6	838,350	594,150
Share of profit of associates		(1,827,595)	(1,035,259)
Allowance for expected credit losses		101,344	(43,207)
Provision for inventories		(2,479)	88,797
Net movement in provisions		(41,801)	(156,168)
Loss on disposal of property and equipment		4,705	6,203
Net foreign exchange differences		7,209,624	3,032,756
Dividend income		(5,571)	(2,897)
Finance cost		2,154,555	630,931
Finance income		(371,072)	(93,051)
<b>Cash from operations</b>		<b>10,076,671</b>	<b>7,426,620</b>
<i>Working capital changes:</i>			
Trade and other receivables		(4,543,363)	(3,199,458)
Cost to obtain contracts		(264,704)	(287,736)
Inventories		(583,712)	(489,496)
Trade and other payables		6,482,835	3,911,834
Amount due to associate		(1,207,385)	(873,548)
Deferred income		2,721,139	2,348,094
Restricted bank balances		3,630	(1,044)
		<b>12,685,111</b>	<b>8,835,266</b>
Interest paid		(1,842,527)	(411,595)
Income tax paid		(307,174)	(126,300)
<b>Net cash flows from operating activities</b>		<b>10,535,410</b>	<b>8,297,371</b>
<b>Investing activities</b>			
Purchase of property and equipment		(11,235,384)	(6,329,048)
Purchase of intangible assets		(2,780,130)	(1,719,720)
Proceeds from disposal of property and equipment and intangible assets		270	41
Purchase of treasury bills		-	(596,933)
Proceeds from disposal of treasury bills		94,841	622,511
Interest received		180,152	11,315
Dividends received from associates		4,250	-
<b>Net cash flows used in investing activities</b>		<b>(13,736,001)</b>	<b>(8,011,834)</b>
<b>Financing activities</b>			
Repayment of loans and borrowings		(2,124,685)	(941,756)
Net proceeds (payments) of credit facilities		10,525,413	1,872,696
Payments of lease liabilities		(175,604)	(134,183)
Dividends paid to Owners of the Parent		(2,133,840)	(1,706,504)
Dividends paid to non-controlling interests		(3,792)	(2,797)
<b>Net cash flows from/(used in) financing activities</b>		<b>6,087,492</b>	<b>(912,544)</b>
<b>Net change in cash and cash equivalents</b>		<b>2,886,901</b>	<b>(627,007)</b>
Cash and cash equivalents at January 1,		6,751,791	2,922,993
Net foreign exchange difference		116,654	24,244
<b>Cash and cash equivalents at June 30,</b>	<b>10</b>	<b>9,755,346</b>	<b>2,320,230</b>

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 June 30, 2023**

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(Amounts in thousands of Egyptian Pound)

**1 General Information**

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

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

As at June 30, 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 depository receipts are listed on the London Stock Exchange (each consisting of five ordinary shares).

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

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

The interim condensed consolidated financial information of the Group for the six-month period ended June 30, 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 six-month period ended June 30, 2023, which do not constitute part of this interim condensed consolidated financial information and were issued on August 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 June 30, 2023**

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

**2.1 Basis of preparation**

The interim condensed consolidated financial information for the six-month period ended June 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 six-month period ended June 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 June 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 June 30, 2023, the Group acquired various property and equipment amounting to EGP 7,310,815 (2022: EGP 3,288,897).

Depreciation charge on property and equipment for the period ended June 30, 2023 amounted to EGP 3,278,701 (2022: EGP 2,498,295).

**6 Intangible assets**

During the period ended June 30, 2023, the Group acquired various intangible assets amounting to EGP 730,605 (2022: EGP 2,942,012).

Amortisation charge on intangible assets for the period ended June 30, 2023 amounted to EGP 838,350 (2022: EGP 594,150).

**7 Investments in associates**

The Group has the following investments in associates:

	Ownership		Carrying amount	
	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Vodafone Egypt Telecommunication Company S.A.E	44.95%	44.95%	11,886,080	12,181,727
Egypt Trust	35.71%	35.71%	30,365	14,533
New matrix for technology	25.50%	25.50%	1,250	1,250
Wataneya for Telecommunication*	50.00%	50.00%	-	-
			<b>11,917,695</b>	<b>12,197,510</b>

\*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 June 30, 2023 and December 31, 2022. The movement in the investment for the period is as follows:

	Period ended June 30, 2023 (Unaudited)	Year ended December 31, 2022 (Audited)
As at January 1,	12,181,727	10,922,615
Share of net profit and total comprehensive income	1,811,763	2,561,008
Dividends received	(2,107,410)	(1,301,896)
	<b>11,886,080</b>	<b>12,181,727</b>

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

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

(Amounts in thousands of Egyptian Pound)

**8 Trade and other receivables**

	<b>June 30, 2023 (Unaudited)</b>	December 31, 2022 (Audited)
Trade receivables – local, net	4,233,629	3,541,671
Trade receivables – foreign, net	6,538,701	4,366,884
Notes receivable	213,736	246,286
<b>Trade and notes receivable, net</b>	<b>10,986,066</b>	<b>8,154,841</b>
Advance payments to suppliers	1,044,959	688,358
Deposits with others	341,724	321,016
Due from ministries, organisations, companies and franchises	1,371,231	1,113,386
Withholding taxes	246,464	1,188,724
Value added taxes	1,276,153	2,176,439
Other receivables	3,503,168	1,004,509
<b>Other receivables</b>	<b>7,783,699</b>	<b>6,492,432</b>
	<b>18,769,765</b>	<b>14,647,273</b>
Non-current (Advances to suppliers)	79,808	67,921
Current	18,689,957	14,579,352
	<b>18,769,765</b>	<b>14,647,273</b>

**9 Related parties**

*Identity of related parties*

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

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

During the period ended June 30, 2023, the Group incurred cost of revenue of EGP 1,648 million (EGP 1,995 million) in relation to receipt of telecommunications and related services from the associate.

The Group earned revenue of EGP 3,018 million from telecommunication and related services provided to the associate during the period ended June 30, 2023 (2022: EGP 2,151 million).

The balance due from Vodafone Egypt Telecommunications Company S.A.E. at June 30, 2023 is EGP 530 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. Other transactions and balances with the Governmental bodies, including but not limited to those related to taxes, are disclosed in the relevant notes in this interim condensed consolidated financial information.

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

(Amounts in thousands of Egyptian Pound)

**9 Related parties (continued)**

**Key management compensation**

During the six-month periods ended June 30, 2023 and June 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**

	<b>June 30, 2023 (Unaudited)</b>	December 31, 2022 (Audited)
Bank balances - current accounts	3,842,782	2,818,478
Bank balances - time deposits	5,736,780	3,544,872
Treasury bills	91,373	348,078
Money market funds	124,070	93,110
Cash in hand	16,225	6,767
<b>Cash and cash balances</b>	<b>9,811,230</b>	<b>6,811,305</b>
Less: restricted bank balances*	(55,884)	(59,514)
<b>Cash and cash equivalents</b>	<b>9,755,346</b>	<b>6,751,791</b>

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

	<b>June 30, 2023 (Unaudited)</b>	December 31, 2022 (Audited)
EGP	<b>4 to 12.95%</b>	4 to 12.95%
USD	<b>LIBOR plus (1.5 to 2.0%)</b>	LIBOR plus (1.5 to 2.0%)

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

**11 Dividends**

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

**Telecom Egypt Company and its subsidiaries**  
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**For the period ended June 30, 2023**

(Amounts in thousands of Egyptian Pound)

**12 Loans and borrowings**

	<b>June 30, 2023 (Unaudited)</b>	December 31, 2022 (Audited)
<b>Non-current liabilities</b>		
Foreign loans	19,574,512	16,624,276
Local facilities – foreign currencies	2,696,430	3,787,165
	<b>22,270,942</b>	<b>20,411,441</b>
<b>Current liabilities</b>		
Foreign loans	3,620,320	3,808,018
Local facilities – local currencies	10,931,669	4,529,316
Local facilities – foreign currencies	7,215,678	2,075,204
Supplier facilities	2,653	2,073
	<b>21,770,320</b>	<b>10,414,611</b>

**13 Trade and other payables**

	<b>June 30, 2023 (Unaudited)</b>	December 31, 2022 (Audited)
Trade payables	24,276,495	24,557,790
Notes payable	41,439	15,746
<b>Trade payables and notes payables</b>	<b>24,317,934</b>	<b>24,573,536</b>
Accrued expenses	1,544,900	1,753,713
Other taxes payable	2,772,056	2,703,204
Deposits from others	659,264	621,624
Advances from customers	4,594,439	2,588,686
Dividends payable	3,915	3,647
Due to National Telecommunication Regulatory Authority (NTRA)	2,128,041	2,154,536
Other credit balances	1,770,733	1,541,122
<b>Other payables</b>	<b>13,473,348</b>	<b>11,366,532</b>
<b>Total trade and other payables</b>	<b>37,791,282</b>	<b>35,940,068</b>
Non-current portion (trade payables)	10,475,341	7,058,029
Current portion	27,315,941	28,882,039
<b>Total trade and other payables</b>	<b>37,791,282</b>	<b>35,940,068</b>

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

(Amounts in thousands of Egyptian Pound)

**14 Deferred income**

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Internet and telecommunications services	814,857	691,297
Operating services and maintenance	435,192	373,434
Mobile services	343,872	273,538
Transmission services	2,837,428	371,941
Others	1,968	1,968
<b>Total deferred income</b>	<b>4,433,317</b>	<b>1,712,178</b>
Non-current portion	373,043	325,126
Current portion	4,060,274	1,387,052
<b>Total deferred income</b>	<b>4,433,317</b>	<b>1,712,178</b>

**15 Revenue**

	Six-month period ended June 30,	
	2023 (Unaudited)	2022 (Unaudited)
Home and personal communications	12,121,718	10,338,865
Enterprise	3,128,704	2,619,201
Domestic wholesale	4,449,398	3,090,073
International carrier	3,718,484	2,334,034
International cables and networks	4,717,356	2,019,234
	<b>28,135,660</b>	<b>20,401,407</b>

**16 Cost of revenue**

	Six-month period ended June 30,	
	2023 (Unaudited)	2022 (Unaudited)
Call costs	4,129,045	3,187,316
Depreciation of property and equipment	3,223,683	2,451,376
Salaries and other employee benefits	2,668,359	1,940,254
Organisation service costs	1,352,227	948,057
Frequencies and licenses	1,301,970	1,048,485
Amortisation of intangible assets	838,350	594,150
Cost of goods sold	515,178	291,879
Maintenance	467,311	220,476
Fuel	413,562	362,138
Leased circuits and satellite subscriptions	246,433	74,053
Amortisation of cost to obtain contracts	258,341	219,496
(IRU) outside Egypt	177,017	228,316
Others	753,899	665,674
	<b>16,345,375</b>	<b>12,231,670</b>

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

(Amounts in thousands of Egyptian Pound)

**17 Selling and distribution expenses**

	Six-month period ended June 30,	
	2023 (Unaudited)	2022 (Unaudited)
Salaries and other employee benefits	1,258,754	1,046,131
Advertisements	600,721	432,616
Sales and collection commissions	329,190	298,361
Organisation service costs	31,263	54,966
Depreciation of right-of-use assets	29,818	24,679
Tax and fees	10,533	29,919
Depreciation of property and equipment	5,005	4,757
Others	82,457	76,923
	<b>2,347,741</b>	<b>1,968,352</b>

**18 Administrative expenses**

	Six-month period ended June 30,	
	2023 (Unaudited)	2022 (Unaudited)
Salaries and other employee benefits	2,080,509	1,607,355
Organisation service costs	199,976	168,518
Tax and duties	114,942	85,514
Takaful contribution expense	90,853	65,043
Depreciation of property and equipment	50,016	42,162
Depreciation of right-of-use assets	30,544	22,900
Bank charges	22,707	20,093
Others	170,788	92,937
	<b>2,760,335</b>	<b>2,104,522</b>

**19 Other operating expenses**

	Six-month period ended June 30,	
	2023 (Unaudited)	2022 (Unaudited) (Restated)
Translation loss of foreign currencies balances and transactions	3,874,120	1,147,450
Provisions	100,791	-
Donations	61,563	48,228
Loss on disposal of property and equipment	4,705	6,203
Others	-	14,365
	<b>4,041,179</b>	<b>1,216,246</b>

**20 Commitments**

The Group's capital commitments for the unexecuted parts as at June 30, 2023 amounted to EGP 988 million (unaudited) (2022: EGP 2,161 million - audited).



**Telecom Egypt Company and its subsidiaries**  
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**For the period ended June 30, 2023**

(Amounts in thousands of Egyptian Pound)

**20 Commitments (continued)**

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

**21 Contingencies**

The Group has the following contingent liabilities:

	<b>June 31, 2023 (Unaudited)</b>	December 31, 2022 (Unaudited)
<b>Contingencies - Group</b>		
Letters of guarantee issued by banks on behalf of the Group	<b>3,416,986</b>	3,140,560
<b>Contingencies – Group’s share</b>		
Letters of guarantee issued by banks on behalf of an associate	<b>204,522</b>	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 to 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 June 30, 2023**

(Amounts in thousands of Egyptian Pound)

**22 Segment information (continued)**

As at / or the period end June 30, 2023 - unaudited	Communication, marine cables and infrastructure	Internet	Outsourcing	Others	Total
<b>Revenue</b>					
External customers - local	9,066,183	10,150,278	137,696	345,663	19,699,820
External customers - foreign	7,472,212	113,495	850,133	-	8,435,840
<b>Total external customers</b>	<b>16,538,395</b>	<b>10,263,773</b>	<b>987,829</b>	<b>345,663</b>	<b>28,135,660</b>
Inter-segment	5,444,140	75,434	1,044,116	654,806	7,218,496
<b>Gross profit</b>	<b>7,065,584</b>	<b>4,357,886</b>	<b>308,073</b>	<b>58,742</b>	<b>11,790,285</b>
Call costs	(4,129,045)	-	-	-	(4,129,045)
Salaries and other employee benefits	(4,736,004)	(690,234)	(452,297)	(132,367)	(6,010,902)
Interest income	328,339	31,462	1,351	9,920	371,072
Finance costs	(2,131,664)	(4,655)	(6,353)	(11,883)	(2,154,555)
Depreciation and amortisation	(2,728,377)	(1,686,303)	(103,043)	(2,781)	(4,520,504)
Share of profit of associates	1,827,595	-	-	-	1,827,595
(Loss)/gain on exchange differences	(7,553,305)	(834,513)	56,492	(8,068)	(8,339,394)
Impairment loss/gain on financial assets	(121,188)	28,952	(9,108)	-	(101,344)
Income tax expense	(142,661)	(190,766)	(58,123)	(10,865)	(402,415)
<b>Total assets</b>	<b>118,856,047</b>	<b>7,442,334</b>	<b>1,297,295</b>	<b>557,295</b>	<b>128,152,971</b>
<b>Investments in associates</b>	<b>11,916,445</b>	<b>-</b>	<b>-</b>	<b>1,250</b>	<b>11,917,695</b>
<b>Total liabilities</b>	<b>85,050,267</b>	<b>2,781,108</b>	<b>1,014,054</b>	<b>3,108,832</b>	<b>91,954,261</b>
<b>Capital expenditure</b>	<b>7,778,904</b>	<b>290,520</b>	<b>30,375</b>	<b>1,554</b>	<b>8,101,353</b>

**Telecom Egypt Company and its subsidiaries**  
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(Amounts in thousands of Egyptian Pound)

**22 Segment information (continued)**

As at December 31, 2022 (audited) / or for the period ended June 30, 2022 (unaudited)	Communication, marine cables and infrastructure	Internet	Outsourcing	Others	Total
Revenue					
External customers - local	7,152,836	8,568,181	152,836	174,286	16,048,139
External customers - foreign	3,685,614	77,784	589,870	-	4,353,268
Total external customers	10,838,450	8,645,965	742,706	174,286	20,401,407
Inter-segment	4,229,853	50,207	821,515	167,308	5,268,883
Gross profit	3,872,747	3,959,143	323,538	14,309	8,169,737
call costs	(3,187,316)	-	-	-	(3,187,316)
Salaries and other employee benefits	(3,121,975)	(468,254)	(355,826)	(101,771)	(4,047,826)
Interest income	72,585	14,229	1,324	4,913	93,051
Finance costs	(633,232)	(15,253)	13,089	4,465	(630,931)
Depreciation and amortisation	(1,688,485)	(1,649,225)	(72,185)	(3,502)	(3,413,397)
Share of profit of associates	1,035,259	-	-	-	1,035,259
(Loss)/gain on exchange differences	(2,904,695)	(141,446)	(381)	32,284	(3,014,238)
Impairment loss/gain on financial assets	(35,300)	77,894	(6,240)	8,047	44,401
Income tax expense	(648,610)	(497,596)	(51,192)	(6,723)	(1,204,121)
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 June 30, 2023**

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(Amounts in thousands of Egyptian Pound)

**23 Comparative information**

Reclassifications were made to certain comparative figures in the 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 interim consolidated statement of profit or loss and other comprehensive income for the period ended June 30, 2022 - unaudited</i>	As previously reported (Unaudited)	Reclassification (Unaudited)	As currently reported (Unaudited)
Other operating expense	(68,796)	(1,147,450)	<b>(1,216,246)</b>
Other non-operating income	-	2,897	<b>2,897</b>
Other non-operating expense	-	(2,150,000)	<b>(2,150,000)</b>
Finance income	95,948	(2,897)	<b>93,051</b>
Finance costs	(3,928,381)	3,297,450	<b>(630,931)</b>