

**TELECOM EGYPT COMPANY
AND ITS SUBSIDIARIES**

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

FOR THE PERIOD ENDED MARCH 31, 2023



	Page(s)
Report on review of interim condensed consolidated financial information	1 - 2
Interim consolidated statement of financial position	3
Interim consolidated statement of profit or loss and other comprehensive income	4
Interim consolidated statement of changes in equity	5
Interim consolidated statement of cash flows	6
Notes to the interim condensed consolidated financial information	7 - 17

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 March 31, 2023, and the related interim consolidated statement of profit or loss and other comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the three-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 12,999,739 thousand as at March 31, 2023. The Group’s share of profit of the Associate of EGP 325,856 thousand and EGP 818,012 thousand is also included in the net profit or loss for the three-month periods ended March 31, 2022 and March 31, 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 Matter

The Group has also prepared interim condensed consolidated financial information as at and for the three-month period ended March 31, 2023 in accordance with Egyptian Accounting Standards, which was reviewed by another auditor who expressed a modified conclusion on the financial information on May 30, 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 March 31, 2023

(Amounts in thousands of Egyptian Pound)	Notes	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS			
Non-current assets			
Property and equipment	5	56,219,361	56,456,415
Cost to obtain contracts		1,486,861	1,348,006
Right-of-use-assets		804,648	822,821
Intangible assets	6	18,660,607	18,395,021
Investments in associates	7	13,022,819	12,197,510
Financial assets at FVOCI		74,856	74,856
Other non-financial assets	8	82,277	67,921
Deferred tax assets		1,246,607	773,909
Total non-current assets		91,598,036	90,136,459
Current assets			
Inventories		4,763,982	4,280,512
Trade and other receivables	8	16,042,969	14,579,352
Amount due from an associate	9	2,596,741	-
Cash and bank balances	10	12,371,703	6,811,305
Total current assets		35,775,395	25,671,169
TOTAL ASSETS		127,373,431	115,807,628
EQUITY AND LIABILITIES			
Equity			
Share capital		17,070,716	17,070,716
Reserves		6,510,214	6,088,720
Retained earnings		10,875,151	16,930,126
Equity attributable to Owners of the Parent		34,456,081	40,089,562
Non-controlling interests		10,424	14,064
Total equity		34,466,505	40,103,626
Non-current liabilities			
Loans and borrowings	12	22,961,157	20,411,441
Lease liabilities		708,977	740,473
Trade payables	13	7,052,373	7,058,029
Deferred income	14	385,950	325,126
Deferred tax liabilities		3,624,098	3,631,980
Total non-current liabilities		34,732,555	32,167,049
Current liabilities			
Loans and borrowings	12	18,435,043	10,414,611
Lease liabilities		301,095	265,581
Trade and other payables	13	32,091,886	28,882,039
Deferred income	14	5,074,349	1,387,052
Amount due to an associate	9	-	677,662
Income tax payable		1,041,674	663,205
Provisions		1,230,324	1,246,803
Total current liabilities		58,174,371	43,536,953
Total liabilities		92,906,926	75,704,002
TOTAL EQUITY AND LIABILITIES		127,373,431	115,807,628

The attached notes on pages from 7 to 17 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 March 31, 2023

(Amounts in thousands of Egyptian Pound)	Notes	Three-month period ended March 31,	
		2023 (Unaudited)	2022 (Unaudited) (Restated)
Revenue	15	13,958,661	9,417,153
Cost of revenue	16	(7,678,741)	(5,869,431)
Gross profit		6,279,920	3,547,722
Selling and marketing expenses	17	(1,077,577)	(956,173)
Administrative expenses	18	(1,305,323)	(990,486)
Impairment loss on trade receivables		(24,759)	(69,549)
Other operating income		80,261	140,207
Other operating expenses	19	(3,454,385)	(1,002,545)
Operating profit		498,137	669,176
Finance income		220,010	61,948
Finance costs		(999,064)	(282,157)
Net finance costs		(779,054)	(220,209)
Other non-operating income		4,612	2,126
Other non-operating expense		(4,434,659)	(2,150,000)
Share of profit of associates - net of tax		825,309	330,698
LOSS BEFORE INCOME TAX		(3,885,655)	(1,368,209)
Income tax expense		88,597	(505,822)
NET LOSS FOR THE PERIOD		(3,797,058)	(1,874,031)
Other comprehensive income			
<i>Item that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		298,422	137,626
Total other comprehensive income		298,422	137,626
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(3,498,636)	(1,736,405)
Net loss attributable to:			
Owners of the Parent		(3,797,210)	(1,874,519)
Non-controlling interests		152	488
Net loss for the period		(3,797,058)	(1,874,031)
Total comprehensive loss attributable to:			
Owners of the Parent		(3,498,788)	(1,736,893)
Non-controlling interests		152	488
Total comprehensive loss for the period		(3,498,636)	(1,736,405)
Loss per share (expressed in EGP):			
Basic loss per share (EGP)		(2.22)	(1.10)
Diluted loss per share (EGP)		(2.22)	(1.10)

The attached notes on pages from 7 to 17 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 March 31, 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			
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 loss for the period	-	-	-	-	(1,874,519)	(1,874,519)	488	(1,874,031)	
Other comprehensive income	-	-	137,626	-	-	137,626	-	137,626	
Total comprehensive loss for the period	-	-	137,626	-	(1,874,519)	(1,736,893)	488	(1,736,405)	
Transfer to legal reserve	-	32,717	-	-	(32,717)	-	-	-	
Dividends (Note 11)	-	-	-	-	(1,707,072)	(1,707,072)	(2,797)	(1,709,869)	
Other adjustments	-	-	-	-	(198)	(198)	-	(198)	
Balance as at March 31, 2022 (Unaudited)	17,070,716	2,604,340	97,063	2,787,550	17,283,518	39,843,187	10,194	39,853,381	
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 loss for the period	-	-	-	-	(3,797,210)	(3,797,210)	152	(3,797,058)	
Other comprehensive income	-	-	298,422	-	-	298,422	-	298,422	
Total comprehensive loss for the period	-	-	298,422	-	(3,797,210)	(3,498,788)	152	(3,498,636)	
Transfer to legal reserve	-	123,072	-	-	(123,072)	-	-	-	
Dividends (Note 11)	-	-	-	-	(2,133,840)	(2,133,840)	(3,792)	(2,137,632)	
Other adjustments	-	-	-	-	(853)	(853)	-	(853)	
Balance as at March 31, 2023 (Unaudited)	17,070,716	3,061,990	700,699	2,747,525	10,875,151	34,456,081	10,424	34,466,505	

The attached notes on pages from 7 to 17 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 March 31, 2023

(Amounts in thousands of Egyptian Pound)	Notes	Three-month period ended March 31,	
		2023 (Unaudited)	2022 (Unaudited)
Operating activities			
Loss for the period before tax		(3,885,655)	(1,368,209)
<i>Adjustments for:</i>			
Depreciation of property and equipment	5	1,280,309	1,363,292
Amortisation of cost to obtain contracts		125,849	100,228
Depreciation of right-of-use assets		71,058	45,622
Amortisation of intangible assets	6	418,611	303,367
Share of profit of associates		(825,309)	(330,698)
Allowance for expected credit losses		24,759	69,549
Provision for inventories		(629)	88,797
Net movement in provisions		(16,479)	43,796
Loss on disposal of property and equipment		-	3,830
Net foreign exchange differences		7,045,739	3,032,756
Dividend income		(4,612)	(2,126)
Finance cost		999,064	282,157
Finance income		(220,010)	(61,948)
Cash from operations		5,012,695	3,570,413
<i>Working capital changes:</i>			
Trade and other receivables		(482,772)	(3,241,354)
Cost to obtain contracts		(264,704)	(193,718)
Inventories		(482,841)	(315,482)
Trade and other payables		2,461,698	1,862,983
Amount due to associate		(3,274,403)	(1,899,151)
Deferred income		3,748,121	3,075,213
Restricted bank balances		(39,592)	(1,044)
		6,678,202	2,857,860
Interest paid		(834,362)	(201,977)
Income tax paid		(56,939)	(33,629)
Net cash flows from operating activities		5,786,901	2,622,254
Investing activities			
Purchase of property and equipment		(3,973,638)	(3,088,437)
Purchase of intangible assets		(2,082,377)	(1,719,720)
Proceeds from disposal of property and equipment and intangibles		45	22
Purchase of treasury bills		-	(597,889)
Proceeds from disposal of treasury bills		78,540	7,642
Interest received		80,718	4,487
Net cash flows used in investing activities		(5,896,712)	(5,393,895)
Financing activities			
Repayment of loans and borrowings		(945,746)	(382,816)
Net proceeds (payments) of credit facilities		6,635,969	2,771,228
Payments of lease liabilities		(82,918)	(66,115)
Net cash flows from financing activities		5,607,305	2,322,297
Net change in cash and cash equivalents		5,497,494	(449,344)
Cash and cash equivalents at January 1,		6,751,791	2,922,993
Net foreign exchange difference		23,313	24,294
Cash and cash equivalents at March 31,	10	12,272,598	2,497,943

The attached notes on pages from 7 to 17 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 March 31, 2023

(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 March 31, 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 three-month period ended March 31, 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 three-month period ended March 31, 2023, which do not constitute part of this interim condensed consolidated financial information and were issued on May 30, 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 March 31, 2023

(Amounts in thousands of Egyptian Pound)

2 Basis of preparation and changes to accounting policies

2.1 Basis of preparation

The interim condensed consolidated financial information for the three-month period ended March 31, 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 three-month period ended March 31, 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 March 31, 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 March 31, 2023, the Group acquired various property and equipment amounting to EGP 1,258,632 (2022: EGP 1,432,555).

Depreciation charge on property and equipment for the period ended March 31, 2023 amounted to EGP 1,280,309 (2022: EGP 1,363,292).

6 Intangible assets

During the period ended March 31, 2023, the Group acquired various intangible assets amounting to EGP 386,385 (2022: EGP 2,679,948).

Amortisation charge on intangible assets for the period ended March 31, 2023 amounted to EGP 418,611 (2022: EGP 303,367).

7 Investments in associates

The Group has the following investments in associates:

	Ownership		Carrying amount	
	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Vodafone Egypt Telecommunication Company S.A.E.	44.95%	44.95%	12,999,739	12,181,727
Egypt Trust	35.71%	35.71%	21,830	14,533
New matrix for technology	25.50%	25.50%	1,250	1,250
Wataneya for Telecommunication*	50.00%	50.00%	-	-
			13,022,819	12,197,510

*Investment in Wataneya for Telecommunication amounting to EGP 0.125 million is 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 March 31, 2023 and December 31, 2022. The movement in the investment is as follows:

	Period ended March 31, 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	818,012	2,561,008
Dividends received	-	(1,301,896)
	12,999,739	12,181,727

Telecom Egypt Company and its subsidiaries
Notes to the interim condensed consolidated financial information (continued)
For the period ended March 31, 2023

(Amounts in thousands of Egyptian Pound)

7 Investments in associates (continued)

Vodafone Egypt Telecommunications Company S.A.E. (continued)

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.

8 Trade and other receivables

	March 31, 2023	December 31, 2022
	(Unaudited)	(Audited)
Trade receivables – local, net	4,201,926	3,541,671
Trade receivables – foreign, net	5,830,886	4,366,884
Notes receivable	228,388	246,286
Trade and notes receivable, net	10,261,200	8,154,841
Advance payments to suppliers	1,072,405	688,358
Deposits with others	323,536	321,016
Due from ministries, organisations, companies and franchises	1,271,297	1,113,386
Withholding taxes	1,190,150	1,188,724
Value added taxes	805,334	2,176,439
Other receivables	1,201,324	1,004,509
Other receivables	5,864,045	6,492,432
	16,125,246	14,647,273
Non-current (Advances to suppliers)	82,277	67,921
Current	16,042,969	14,579,352
	16,125,246	14,647,273

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 March 31, 2023 the Group incurred cost of revenue of EGP 816 million (2022: 309 million) in relation of receipt of telecommunications and related services from the associate.

The Group earned revenue of EGP 1,626 million from telecommunications and related services provided to the associate during the period ended March 31, 2023 million (2022: 1,644 million).

The balance due from Vodafone Egypt Telecommunications Company S.A.E. at March 31, 2023 is EGP 2,597 million (2022: payable of EGP 678 million).

Telecom Egypt Company and its subsidiaries
Notes to the interim condensed consolidated financial information (continued)
For the period ended March 31, 2023

(Amounts in thousands of Egyptian Pound)

9 Related parties (continued)

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

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 on 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.

Key management compensation

During the three-month periods ended March 31, 2023 and March 31, 2022, the Group incurred salaries, allowances and other benefits to its key management personnel, 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

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Bank balances - current accounts	5,250,943	2,818,478
Bank balances - time deposits	4,406,198	3,544,872
Treasury bills	2,639,337	348,078
Money market funds	63,668	93,110
Cash in hand	11,557	6,767
Cash and cash balances	12,371,703	6,811,305
Less: restricted bank balances*	(99,106)	(59,514)
Cash and cash equivalents	12,272,597	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:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
EGP	4.5 to 20.35 %	4 to 12.95%
USD	LIBOR 1 Month +1%	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.

Telecom Egypt Company and its subsidiaries
Notes to the interim condensed consolidated financial information (continued)
For the period ended March 31, 2023

(Amounts in thousands of Egyptian Pound)

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 March 31, 2023 (2022: EGP 1 per share (expressed in EGP) amounting to EGP 1,707,072 thousand).

12 Loans and borrowings

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Non-current liabilities		
Foreign loans	20,179,607	16,624,276
Local facilities – foreign currencies	2,781,550	3,787,165
	22,961,157	20,411,441
Current liabilities		
Foreign loans	4,186,300	3,808,018
Local facilities – local currencies	8,207,475	4,529,316
Local facilities – foreign currencies	6,038,629	2,075,204
Supplier facilities	2,639	2,073
	18,435,043	10,414,611

13 Trade and other payables

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Trade payables	24,419,506	24,557,790
Notes payable	156,363	15,746
Trade and notes payables	24,575,869	24,573,536
Accrued expenses	1,412,508	1,753,713
Other taxes payable	2,654,955	2,703,204
Deposits from others	612,325	621,624
Advances from customers	3,765,729	2,588,686
Dividends payable	2,134,725	3,647
Due to National Telecommunication Regulatory Authority (NTRA)	2,301,381	2,154,536
Other credit balances	1,686,767	1,541,122
Other payables	14,568,390	11,366,532
Total trade and other payables	39,144,259	35,940,068
Non-current portion (trade payables)	7,052,373	7,058,029
Current portion	32,091,886	28,882,039
Total trade and other payables	39,144,259	35,940,068

Telecom Egypt Company and its subsidiaries
Notes to the interim condensed consolidated financial information (continued)
For the period ended March 31, 2023

(Amounts in thousands of Egyptian Pound)

14 Deferred income

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Transmission services	4,042,368	371,941
Internet and telecommunications services	704,754	691,297
Operating services and maintenance	457,491	373,434
Mobile services	253,718	273,538
Others	1,968	1,968
Total deferred income	5,460,299	1,712,178
Non-current portion	385,950	325,126
Current portion	5,074,349	1,387,052
Total deferred income	5,460,299	1,712,178

15 Revenue

	Three-month period ended March 31,	
	2023 (Unaudited)	2022 (Unaudited)
Home and personal communications	5,864,475	5,000,724
Enterprise	1,689,349	1,187,527
Domestic wholesale	2,554,825	1,397,299
International carrier	1,828,104	1,034,356
International cables and networks	2,021,908	797,247
	13,958,661	9,417,153

16 Cost of revenue

	Three-month period ended March 31,	
	2023 (Unaudited)	2022 (Unaudited)
Call costs	1,939,623	1,528,171
Depreciation of property and equipment	1,263,497	1,239,956
Salaries and other employee benefits	1,253,905	938,600
Frequencies and licenses	665,399	506,934
Organisation service costs	658,947	452,581
Amortisation of intangible assets	418,611	303,367
Cost of goods sold	330,370	98,518
Maintenance	222,379	98,134
Fuel	204,045	175,626
Amortisation of cost to obtain contracts	125,849	100,228
(IRU) outside Egypt	124,140	62,334
Others	471,976	364,982
	7,678,741	5,869,431

Telecom Egypt Company and its subsidiaries
Notes to the interim condensed consolidated financial information (continued)
For the period ended March 31, 2023

(Amounts in thousands of Egyptian Pound)

17 Selling and distribution expenses

	Three-month period ended March 31,	
	2023 (Unaudited)	2022 (Unaudited)
Salaries and other employee benefits	604,403	518,828
Advertisements	221,231	213,149
Sales and collection commissions	180,879	143,361
Organisation service costs	15,560	9,841
Depreciation of right-of-use assets	14,798	10,847
Tax and fees	5,090	21,772
Depreciation of property and equipment	2,442	2,367
Others	33,174	36,008
	1,077,577	956,173

18 Administrative expenses

	Three-month period ended March 31,	
	2023 (Unaudited)	2022 (Unaudited)
Salaries and other employee benefits	994,776	762,311
Organisation service costs	91,422	79,650
Tax and duties	51,773	37,156
Takaful contribution	45,063	30,530
Depreciation of right-of-use assets	15,354	8,678
Depreciation of property and equipment	14,370	20,741
Bank charges	11,798	9,264
Others	80,767	42,156
	1,305,323	990,486

19 Other operating expenses

	Three-month period ended March 31,	
	2023 (Unaudited)	2022 (Unaudited) (Restated)
Translation loss of foreign currencies balances and transactions	3,344,443	893,241
Donations	57,570	46,222
Provisions	52,372	44,901
Loss on disposal of property and equipment	-	3,830
Others	-	14,351
	3,454,385	1,002,545

20 Commitments

The Group's capital commitments for the unexecuted parts as at March 31, 2023 amounted to EGP 1,985 million (unaudited) (2022: EGP 2,161 million - audited).

Telecom Egypt Company and its subsidiaries
Notes to the interim condensed consolidated financial information (continued)
For the period ended March 31, 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:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Contingencies - Group		
Letters of guarantee issued by banks on behalf of the Group	3,440,499	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 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 March 31, 2023

(Amounts in thousands of Egyptian Pound)

22 Segment information (continued)

As at / or the period ended March 31, 2023 - unaudited	Communication, marine cables and infrastructure	Internet	Outsourcing	Others	Total
Revenue					
External customers - local	4,835,661	4,990,759	65,346	216,882	10,108,648
External customers - foreign	3,378,834	47,509	423,670	-	3,850,013
Total external customers	8,214,495	5,038,268	489,016	216,882	13,958,661
Inter-segment	2,581,517	29,954	519,493	456,312	3,587,276
Gross profit	3,553,154	2,469,394	227,535	29,837	6,279,920
Call costs	(1,939,623)	-	-	-	(1,939,623)
Salaries and other employee benefits	(2,118,458)	(421,094)	(249,221)	(65,951)	(2,854,724)
Interest income	195,359	20,400	649	3,602	220,010
Finance costs	(989,670)	(2,418)	(3,129)	(3,847)	(999,064)
Depreciation and amortisation	(1,205,277)	(637,972)	(51,152)	(1,426)	(1,895,827)
Share of profit of associates	825,309	-	-	-	825,309
(Loss)/gain on exchange differences	(7,041,177)	(805,052)	51,940	15,187	(7,779,102)
Impairment loss/gain on financial assets	(98,987)	81,411	(7,444)	261	(24,759)
Income tax expense	234,179	(102,328)	(32,108)	(11,146)	88,597
Total assets	118,780,232	6,775,170	1,234,477	583,552	127,373,431
Investments in associates	13,090,563	-	-	1,250	13,091,813
Total liabilities	85,871,883	1,775,426	756,306	4,503,311	92,906,926
Capital expenditure	5,159,116	72,163	6,545	56	5,237,880

Telecom Egypt Company and its subsidiaries
Notes to the interim condensed consolidated financial information (continued)
For the period ended March 31, 2023

(Amounts in thousands of Egyptian Pound)

22 Segment information (continued)

As at December 31, 2022 (audited) / or for the period ended March 31, 2022 (unaudited)	Communication, marine cables and infrastructure	Internet	Outsourcing	Others	Total
Revenue					
External customers - local	3,324,688	4,130,573	75,784	54,505	7,585,550
External customers - foreign	1,500,836	34,620	296,147	-	1,831,603
Total external customers	4,825,524	4,165,193	371,931	54,505	9,417,153
Inter-segment	2,037,321	18,342	396,269	112,457	2,564,389
Gross profit	1,470,156	1,899,042	166,423	12,101	3,547,722
Call costs	(1,528,171)	-	-	-	(1,528,171)
Salaries and other employee benefits	(1,518,145)	(226,829)	(168,757)	(44,740)	(1,958,471)
Interest income	50,929	8,101	583	2,335	61,948
Finance costs	(292,894)	(1,418)	(2,768)	(6,414)	(303,494)
Depreciation and amortisation	(1,131,591)	(543,585)	(35,445)	(1,660)	(1,712,281)
Share of profit of associates	330,698	-	-	-	330,698
(Loss)/gain on exchange differences	(2,928,225)	(141,446)	(381)	26,811	(3,043,241)
Impairment loss/gain on financial assets	21,698	(99,320)	-	8,073	(69,549)
Income tax expense	(230,384)	(241,634)	(32,325)	(1,479)	(505,822)
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

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 March 31, 2022 - unaudited</i>	As previously reported (Unaudited)	Reclassification (Unaudited)	As currently reported (Unaudited)
Other operating expense	(109,304)	(893,241)	(1,002,545)
Other non-operating income	-	2,126	2,126
Other non-operating expense	-	(2,150,000)	(2,150,000)
Finance income	64,074	(2,126)	61,948
Finance cost	(3,325,398)	3,043,241	(282,157)