

**TELECOM EGYPT COMPANY
AND ITS SUBSIDIARIES**

INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION PREPARED
IN ACCORDANCE WITH IFRS

FOR THE PERIOD ENDED SEPTEMBER 30, 2022

Telecom Egypt Company and its subsidiaries
Interim Condensed Consolidated Financial Information
For the period ended September 30, 2022

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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 condensed consolidated statement of financial position of Telecom Egypt Company (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as at September 30, 2022, and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, and related interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine-month period then ended, and explanatory notes.

Management is responsible for the preparation and presentation of these 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

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

As disclosed in Note 7 to the interim condensed consolidated financial information, the Group has an investment in an associate, Vodafone Egypt Telecommunications Company S.A.E. (the “Associate”), with a carrying amount of EGP 11,582 million as at September 30, 2022. The Group accounted for the investment in Associate using the equity method of accounting and recorded its share of profit of EGP 1,961 million during the nine-month period ended September 30, 2022 based on financial information received from the Associate’s management. We were not provided access to review the Associate’s financial information as at and for the nine-month period ended September 30, 2022, and accordingly, we were not able to perform any review procedures thereon. Our audit opinion on the December 31, 2021 consolidated financial statements of the Group was also modified with respect of this matter.



Qualified Conclusion

Based on our review, with the exception of the matter described in the preceding paragraph, 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.

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

Other Matters

- i. The interim condensed consolidated financial information of the Group for the nine-month period ended September 30, 2021 were not reviewed by independent auditor in accordance with International Financial Reporting Standards.
- ii. The interim condensed consolidated financial information of the Group for the nine-months period ended September 30, 2022, was reviewed by another auditor in accordance with Egyptian Accounting Standards who expressed a qualified conclusion in their review report dated November 13, 2022 on the interim condensed consolidated financial information.

GRANT THORNTON






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

February 23, 2023

Telecom Egypt Company and its subsidiaries
Interim Condensed Consolidated Financial Information

Interim Condensed Consolidated Statement of Financial Position
As at September 30, 2022

(Amounts in thousands of Egyptian Pound)	Notes	September 30, 2022 (Unaudited)	December 31, 2021 (Audited) (Restated)	January 1, 2021 (Audited) (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	5	50,086,094	49,042,335	43,925,237
Right-of-use-assets		721,204	721,211	509,954
Intangible assets	6	15,181,137	12,261,340	9,978,602
Investments in associates	7	11,606,424	10,925,722	12,270,440
Financial assets at fair value through other comprehensive income		74,856	74,856	74,856
Deferred tax assets	8	451,431	167,807	131,959
Trade and other receivables	9	55,245	48,203	53,334
		<u>78,176,391</u>	<u>73,241,474</u>	<u>66,944,382</u>
Current assets				
Inventories		3,437,705	2,341,976	2,092,242
Trade and other receivables	9	14,398,970	10,778,644	12,163,757
Cash and cash equivalents	11	2,349,789	2,983,337	2,003,432
		<u>20,186,464</u>	<u>16,103,957</u>	<u>16,259,431</u>
TOTAL ASSETS		<u>98,362,855</u>	<u>89,345,431</u>	<u>83,203,813</u>
EQUITY AND LIABILITIES				
Equity				
Share capital		17,070,716	17,070,716	17,070,716
Reserves		5,646,409	5,318,610	4,989,962
Retained earnings		21,408,781	20,898,024	15,061,574
Equity attributable to Owners of the Company		<u>44,415,906</u>	<u>43,287,350</u>	<u>37,122,252</u>
Non-controlling interests		11,753	12,503	15,095
Total equity		<u>44,137,659</u>	<u>43,299,853</u>	<u>37,137,347</u>
Non-current liabilities				
Loans and borrowings	13	12,796,698	10,987,784	3,278,144
Lease liabilities		681,860	737,235	546,382
Other payables	14	5,153,376	4,241,851	5,065,367
Deferred income	15	270,945	243,988	273,577
Deferred tax liabilities	8	3,644,922	3,161,466	2,392,317
		<u>22,547,801</u>	<u>19,372,324</u>	<u>11,555,787</u>
Current Liabilities				
Trade and other payables	14	18,625,735	16,438,467	13,272,581
Loans and borrowings	13	7,468,644	5,333,249	17,009,238
Deferred income	15	2,438,745	1,096,554	1,218,721
Provisions		1,291,441	1,399,218	1,102,476
Lease liabilities		221,635	119,285	61,384
Accrued income tax		1,310,509	1,239,015	514,359
Amounts due to an associate	10	320,686	1,047,466	1,331,920
		<u>31,677,395</u>	<u>26,673,254</u>	<u>34,510,679</u>
Total liabilities		<u>54,225,196</u>	<u>46,045,578</u>	<u>46,066,466</u>
TOTAL EQUITY AND LIABILITIES		<u>98,362,855</u>	<u>89,345,431</u>	<u>83,203,813</u>

				
Ehab Abdo Director of Financial Affairs	Wael Hanafy Senior Director of Financial Affairs	Mohamed Shamroukh Chief Financial Officer	Adel Hamed Managing Director and Chief Executive Officer	Maged Osman Chairman

The accompanying notes on pages from 7 to 17 from an integral part of these Interim Condensed consolidated financial statements.

Telecom Egypt Company and its subsidiaries
Interim Condensed Consolidated Financial Information

Interim Condensed Consolidated Statement of Profit or Loss
and Other Comprehensive Income
For the period ended September 30, 2022

(Amounts in thousands of Egyptian Pound)	Three-month period ended September 30, 2022 (Unaudited)	Three-month period ended September 30, 2021 (Unaudited)	Nine-month period ended September 30, 2022 (Unaudited)	Nine-month period ended September 30, 2021 (Unaudited)
Revenue	11,872,525	9,005,559	32,273,932	26,378,540
Cost of revenue	(6,579,541)	(5,290,101)	(18,811,211)	(15,457,232)
GROSS PROFIT	5,292,984	3,715,458	13,462,721	10,921,308
Selling and distribution expenses	(930,758)	(836,651)	(2,899,110)	(2,499,542)
Administrative expenses	(1,199,593)	(1,003,846)	(3,304,115)	(2,856,138)
Other expenses	(4,686)	(19,363)	(73,482)	(74,445)
(Impairment loss)/reversal on trade and other receivables	(111,144)	3,918	(67,937)	(109,771)
Other income	111,673	125,019	421,979	539,722
OPERATING PROFIT	3,158,476	1,984,535	7,540,056	5,921,134
Finance income	31,634	15,721	127,582	40,686
Finance costs	(487,784)	(257,754)	(1,118,715)	(969,827)
Translation (loss)/gain on foreign currencies balances and transactions	(664,846)	76,868	(3,962,296)	432,844
Share of profit of associates, net of tax	947,339	708,157	1,982,598	2,175,264
PROFIT BEFORE INCOME TAX	2,984,819	2,527,527	4,569,225	7,600,101
Income tax expense	(880,110)	(524,696)	(2,186,573)	(2,147,672)
NET PROFIT FOR THE PERIOD	2,104,709	2,002,831	2,382,652	5,452,429
<i>Other comprehensive income - that may be re-classified to P&L in subsequent periods</i>				
Exchange difference on translation of foreign operations	16,060	(2,213)	165,220	(13,763)
Other comprehensive income, net of tax	16,060	(2,213)	165,220	(13,763)
Total comprehensive income	2,120,769	2,000,618	2,547,872	5,438,666
Profit attributable to:				
Owners of the Company	2,103,671	2,001,720	2,380,605	5,450,500
Non-controlling interests	1,038	1,111	2,047	1,929
	2,104,709	2,002,831	2,382,652	5,452,429
Total comprehensive income attributable to:				
Owners of the company	2,119,731	1,999,507	2,545,825	5,436,737
Non-controlling interests	1,038	1,111	2,047	1,929
	2,120,769	2,000,618	2,547,872	5,438,666
Earnings per share				
Basic earnings per share (EGP)	1.23	1.17	1.39	3.19
Diluted earnings per share (EGP)	1.23	1.17	1.39	3.19

The accompanying notes on pages from 7 to 17 from an integral part of these Interim Condensed consolidated financial statements.

Telecom Egypt Company and its subsidiaries
Interim Condensed Consolidated Financial Information

Interim Condensed Consolidated Statement of Changes in Equity
For the period ended September 30, 2022

(Amounts in thousands of Egyptian Pound)	Share capital	Legal reserve	Translation reserve	Other reserve	Retained earnings	Total equity attributable to equity holders of the Company	Non-controlling interests	Total equity
Balances 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 (Note 19)	-	220,276	-	-	(227,719)	(7,443)	-	(7,443)
Balance at January 1, 2022 (Restated)	17,070,716	2,571,623	(40,563)	2,787,550	20,898,024	43,287,350	12,503	43,299,853
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	-	-	165,221	-	2,380,605	2,545,826	2,047	2,547,873
Transfer to legal reserves	-	162,578	-	-	(162,578)	-	-	-
Dividends (Note 12)	-	-	-	-	(1,707,072)	(1,707,072)	(2,797)	(1,709,869)
Impact of investments evaluation disposal in a subsidiary	-	-	-	-	(198)	(198)	-	(198)
Balance as at 30 September 2022 (Unaudited)	17,070,716	2,734,201	124,658	2,787,550	21,408,781	44,125,906	11,753	44,137,659
Balances at 1 January 2021	17,070,716	2,241,767	(25,489)	2,787,550	15,068,057	37,142,601	15,095	37,157,696
Effect of restatement (Note 19)	-	(17,941)	4,075	-	(6,483)	(20,349)	-	(20,349)
Balance at 1 January 2021 (Restated)	17,070,716	2,223,826	(21,414)	2,787,550	15,061,574	37,122,252	15,095	37,137,347
Profit for the period	-	-	-	-	5,450,500	5,450,500	1,929	5,452,429
Other comprehensive loss for the period	-	-	(13,763)	-	-	(13,763)	-	(13,763)
Total comprehensive income	-	-	(13,763)	-	5,450,500	5,436,737	1,929	5,438,666
Transfer to legal reserves	-	313,650	-	-	(313,650)	-	-	-
Dividends (Note 12)	-	-	-	-	(1,280,304)	(1,280,304)	(5,374)	(1,285,678)
Balance as at September 30, 2021 (Unaudited)	17,070,716	2,537,476	(35,177)	2,787,550	18,918,120	41,278,685	11,650	41,290,335

The accompanying notes on pages from 7 to 17 from an integral part of these interim condensed consolidated financial statements.

Telecom Egypt Company and its subsidiaries
Interim Condensed Consolidated Financial Information

Interim Condensed Consolidated Statement of Cash Flows
For the period ended September 30, 2022

(Amounts in thousands of Egyptian Pound)	Nine-month period ended September 2022 (Unaudited)	Nine-month period ended September 2021 (Unaudited)
Operating activities		
Cash receipts from customers	32,899,615	29,623,175
Stamp tax and fees collected (from third parties)	70,387	57,153
Deposits collected from customers	39,045	28,008
Cash paid to suppliers	(8,687,456)	(7,306,210)
Payments of NTRA license fees	(1,404,597)	(1,185,641)
Cash paid to Board of Directors	(29,537)	(18,413)
Cash paid to employees	(5,633,671)	(4,508,978)
Cash paid on behalf of employees to third parties	(1,000,226)	(834,791)
Interest paid	(710,434)	(813,046)
Payments to Tax Authority - income tax	(993,322)	(601,624)
Payments to Tax Authority - value added tax	(2,006,750)	(1,142,019)
Payments to Tax Authority - other taxes	(2,073,096)	(1,415,650)
Other (payments) proceeds, net	(700,143)	352,807
Net cash flows from operating activities	9,769,815	12,234,771
Investing activities		
Payments for purchase of property, plant and equipment	(9,264,104)	(8,469,450)
Payments for purchase of intangible assets	(1,933,568)	(2,422,300)
Proceeds from sale of property, plant and equipment and intangible assets	96	175
Payments for purchase of financial assets at amortized cost	(596,933)	-
Proceeds from financial assets at amortized cost	15,660	1,696
Interest received	18,726	8,133
Dividends received from associates	1,173,620	4,053,686
Proceeds from sale of financial assets at amortized cost	607,917	-
Net cash used in operations activities	(9,978,586)	(6,828,060)
Financing activities		
Payments of lease liabilities	(1,523,140)	(1,086,500)
Payments for loans	2,991,184	(3,091,978)
Proceeds from credit facilities	(203,289)	(192,526)
Dividends paid to shareholders	(1,709,301)	(1,280,304)
Net cash used in financing activities	(444,546)	(5,651,308)
Net decrease in cash and cash equivalents	(653,317)	(244,597)
Cash and cash equivalents at the beginning of the period	2,922,993	1,936,943
Effect of movements in exchange rate on cash	17,699	(8,263)
Cash and cash equivalents at 30 September	2,287,375	1,684,083

The accompanying notes on pages from 7 to 17 from an integral part of these interim condensed consolidated financial statements.

Telecom Egypt Company and its subsidiaries
Interim Condensed Consolidated Financial Information

Notes to the Interim Condensed Consolidated Financial Information
For the period ended September 30, 2022

1 Legal status and principal activities

Telecom Egypt Company (the “Company”) and its subsidiaries (collectively referred to “Group”) 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.

The Company’s authorised, issued and fully paid-up share capital amounting to EGP 17,070.716 million is, represented in 1,707.0716 million shares of par value EGP 10 each.

The nominal shares for the Company are traded in the Egyptian Stock Exchange and London Stock Exchange.

As at September 30, 2022, 80% shareholding of the Company is held by the Government of Egypt (December 31, 2021: 80%) and 20% is held by other private investors (December 31, 2021: 20%), whom are listed on the Egypt Stock Exchange (“Egyptian Exchange”), while its global depository receipts are also listed on the London Stock Exchange (each consisting of five ordinary shares).

The main purpose of the Company represents in the following:

- Owning, setting up, operating, maintenance and development of telecommunication networks and infrastructure necessary for communication services for using and / or managing and / or leasing to others and / or dealing on them.
- Providing voice, video and data transmission telecommunication services to subscribers and / or managing and / or leasing to others and / or dealing on them.
- Participating or contributing to global communication systems, such as: - submarine cables and satellites and obtaining capacities or circuits for using and / or managing and / or leasing to others and / or dealing on them.
- Dealing or contracting or participating with authorities, agencies, companies, organizations or any entity exercising an activity similar to or identical to the company's activities or relates or assists the company to achieve its purposes either in Arab Republic of Egypt or abroad.
- Managing, selling, leasing, purchasing, possessing, renting and dealing on any property and rights or benefit or right in any property. Including the movable and immovable property which could be acquired or owned by the company.
- Selling, purchasing and distributing of fixed line sets, mobile phones and computers, its peripherals, accessories and supplies, complementary devices and necessary spare parts and related maintenance works.
- Setting up voice, video and written data transmission networks and providing value-added services, content services, marketing, electronic signature and online money transfer.
- Real estate investment for serving its purposes and executing its projects.

The Group has prepared and published a separate set of interim consolidated financial information in accordance with Egyptian Accounting Standards for the nine months’ period ended September 30, 2022, which does not constitute part of these condensed consolidated interim financial information.

Telecom Egypt Company and its subsidiaries
Interim Condensed Consolidated Financial Information

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period ended September 30, 2022

2 Basis of preparation and summary of significant accounting policies

Basis of preparation

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting. The interim condensed consolidated financial information does not include all of the information required for full annual interim consolidated financial information prepared in accordance with the International Financial Reporting Standards (IFRS) and should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2021.

Accounting policies, related adjustments, judgements, estimates and assumptions adopted in the preparation of these interim condensed consolidated financial information are same as those applied in the preparation of the audited consolidated financial statements for the year ended December 31, 2021.

The interim condensed consolidated financial information have been prepared on accrual basis and under the historical cost convention except for financial assets measured at fair value through profit or loss (FVTPL), which are measured at fair value.

Functional and presentation currency

The interim consolidated financial information is presented in Egyptian Pounds ("EGP"), which is also the Group's functional currency. All values are rounded to the nearest thousand except where otherwise indicated.

Basis of consolidation

The interim condensed consolidated financial information incorporates the financial information of the Company and entities controlled by the Company. Control is achieved where the Company has the power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns.

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, 2021.

3 Standards, Amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Group

As at the date of authorization of the interim condensed consolidated financial information several new, but not yet effective, Standards, Amendments and Interpretations to existing standards have been published by International Accounting Standards Board ("IASB"). These amendments have neither been adopted early by the Group nor are these expected to have a significant impact on the financial information of the Group in the period of initial application.

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, 2021.

Telecom Egypt Company and its subsidiaries
Interim Condensed Consolidated Financial Information

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period ended September 30, 2022

(Amounts in thousands of Egyptian Pound)

5 Property plant, and equipment

During the period ended September 30, 2022, the Group acquired various property, plant and equipment amounting to EGP 5,387,895 (the period ended September 30, 2021, EGP 7,236,914).

Depreciation charge on property and equipment for the period ended September 30, 2022 amounting to EGP 4,124,076 (the period ended September 30, 2021: EGP 3,446,208).

6 Intangible assets

During the period ended September 30, 2022, the Group acquired various intangible assets amounting to EGP 3,720,288 (the period ended September 30, 2021: EGP 215,834).

Amortisation charge on intangible assets for the period ended September 30, 2022 amounting to EGP 933,371 (the period ended September 30, 2021: EGP 542,733).

7 Investments in associates

The Group has the following investment in associates:

	Ownership		Carrying amount	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Vodafone Egypt Telecommunication Company S.A.E	44.95%	44.95%	11,582,151	10,922,615
Egypt Trust	35.71%	35.71%	23,023	1,857
New matrix for technology	25.50%	25.50%	1,250	1,250
Wataneya for Telecommunication	50.00%	50.00%	-	-
			<u>11,606,424</u>	<u>10,925,722</u>

*Investment in Wataneya for Telecommunication amounting to EGP 0.125 million was fully impaired as at September 30, 2022 and December 31, 2021.

Vodafone Egypt Telecommunications Company S.A.E.

The investments in Vodafone Egypt represents the ownership of 107,869,799 shares as at September 30, 2022 and December 31, 2021. The movement in the investment for the period is as follows:

	September 30, 2022	December 31, 2021
As at January 1,	10,922,615	12,269,190
Share of profit of associate	1,961,432	3,148,000
Dividends received from the associate	(1,301,896)	(4,494,575)
	<u>11,582,151</u>	<u>10,922,615</u>

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.

8 Deferred tax assets and liabilities

	Assets		Liabilities	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Total deferred tax assets/(liabilities)	<u>451,431</u>	167,807	<u>(3,644,922)</u>	(3,161,466)

Telecom Egypt Company and its subsidiaries
Interim Condensed Consolidated Financial Information

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period ended September 30, 2022

(Amounts in thousands of Egyptian Pound)

9 Trade and other receivables

	September 30, 2022	December 31, 2021
Trade receivables - National	3,557,376	3,139,308
Trade receivables - International	4,187,319	2,896,418
Notes receivable	246,608	1,116
Trade and notes receivable	7,991,303	6,036,842
Advance payments to suppliers	1,796,806	655,282
Deposits with others	322,864	322,333
Due from ministries, organizations, companies and franchises	895,411	448,006
Withholding tax	1,047,302	1,371,473
Value added tax	1,153,883	1,070,223
Others	1,246,646	922,688
	6,462,912	4,790,005
	14,454,215	10,826,847
Trade and other receivables are classified as follows:		
Non-current	55,245	48,203
Current	14,398,970	10,778,644
	14,454,215	10,826,847

10 Related parties

The Group has a relationship with its associate, Vodafone Egypt Telecommunications Company S.A.E., and other related party,

Transactions with Associates

During the period ended September 30, 2022, the Group incurred expenses of EGP 1,146 million (September 30, 2021: EGP 1,238 million) in relation to receipt of telecommunications and related services from Vodafone Egypt Telecommunications Company S.A.E. The Group earned revenue of EGP 2,459 million from telecommunication and related services provided to Vodafone Egypt Telecommunications Company S.A.E. during the period ended September 30, 2022 (September 30, 2021: EGP 1,085 million). The balance due to Vodafone Egypt Telecommunications Company S.A.E. at September 30, 2022 is EGP 321 million (December 31, 2021: EGP 1,047 million).

Key management compensation

During the period ended 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 consolidated statement of profit or loss and other comprehensive income.

Telecom Egypt Company and its subsidiaries
Interim Condensed Consolidated Financial Information

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period ended September 30, 2022

(Amounts in thousands of Egyptian Pound)

11 Cash and cash equivalents

	September 30, 2022	December 31, 2021
Bank balances	2,026,277	1,217,633
Time deposits (less than 3 months) *	171,358	665,256
Cash in hand	10,707	5,474
Treasury bills (less than 3 months) *	40,818	965,568
Money market funds (less than 3 months) *	100,629	129,406
Cash and cash equivalents	2,349,789	2,983,337
Restricted cash	(62,414)	(60,344)
Cash and cash equivalents in the consolidated statement of cash flows	2,287,375	2,922,993

*Time deposits, treasury bills and money market funds carry interest at market prevailing rates.

Restricted cash represents bank balances under the specific instructions to the Group's bankers by multiple government departments and agencies, against claimed taxes, duties, fees and other charges payable by the Group in the normal course of its business activities. These bank balances would be released for use subsequently upon settlement of the relevant outstanding obligations.

12 Dividends

Dividends of EGP 1,707.072 million were declared by the Company during the period ended September 30, 2022 (September 31, 2021: EGP 1,280.304 million).

13 Loans and borrowings

	September 30, 2022	December 31, 2021
Non-current liabilities		
Foreign loans	9,538,454	9,254,582
Foreign facilities	3,258,244	1,733,202
	12,796,698	10,987,784
Current liabilities		
Foreign loans	2,522,868	1,853,704
Local bank facilities	4,038,433	1,398,198
Local banks' foreign facilities	905,849	2,079,942
Foreign suppliers' facilities	1,494	1,405
	7,468,644	5,333,249

Telecom Egypt Company and its subsidiaries
Interim Condensed Consolidated Financial Information

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period ended September 30, 2022

(Amounts in thousands of Egyptian Pound)

14 Trade and other payables

	September 30, 2022	December 31, 2021
Liability towards acquisition of assets	12,832,669	11,068,114
Local suppliers	2,209,004	2,086,155
Notes payable	43,980	56,487
Due to organizations and companies	280,660	-
Trade payables and notes payables	15,366,313	13,210,756
Accrued expenses	1,057,050	1,608,350
Tax Payable	1,793,497	975,791
Deposits from others	595,955	567,692
Customers advances	2,372,648	1,988,688
Dividends payable	3,733	4,064
Liabilities for early retirement scheme	1,971	24,385
Due to National Telecommunication Regulatory Authority (NTRA)*	1,597,349	1,183,210
Others	990,595	1,117,382
	8,412,798	7,469,562
	23,779,111	20,680,318

Trade and other payables are classified as follows:

Non-current	5,153,376	4,241,851
Current	18,625,735	16,438,467
	23,779,111	20,680,318

*Due to National Telecommunication Regulatory Authority (NTRA) represents variable portion of license renewal fees payable at specified percentage of revenues of the Group for the relevant years.

15 Deferred income

	September 30, 2022	December 31, 2021
Internet and telecommunications services	649,801	599,925
Operating services and maintenance	311,376	277,215
Mobile services	298,313	269,866
Transmission services	1,448,232	191,437
Customers compensations	1,968	2,099
	2,709,690	1,340,542
Deferred income is classified as follows:		
Non-current	270,945	243,988
Current	2,438,745	1,096,554
	2,709,690	1,340,542

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Notes to the Interim Condensed Consolidated Financial Information (continued)
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(Amounts in thousands of Egyptian Pound)

16 Capital commitments

The Group's capital commitments for the unexecuted parts of contracts until September 30, 2022 amounted to EGP 1,079 million (EGP 385 million as at December 31, 2021).

17 Contingencies

The company has the following contingent liabilities:

	September 30, 2022	December 31, 2021
Letters of guarantee issued by banks on behalf of the Group	2,859,062	2,619,125
Letters of credit	2,254,385	876,808
	<u>2,254,385</u>	<u>876,808</u>

Letters of guarantee, which were issued by banks on behalf of the Company and for the benefits of others include letters of guarantee, have been issued against restricted cash and cash equivalent at banks.

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Interim Condensed Consolidated Financial Information

Notes to the Interim Condensed Consolidated Financial Information (continued)
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(Amounts in thousands of Egyptian Pound)

18 Segment information

Operating activities are managed by operating segments at the group activates level as integrated activity, based on the nature of product and the service provided. The segment reporting is prepared according to services provided by activities as a group as follows:

- Communications, marine cables and infrastructure services.
- Internet services.
- Outsourcing services.
- Others.

As at September 30, 2022

	Communication, marine cables and infrastructure	Internet	Outsourcing	Others	Total
Revenue	17,638,614	13,227,242	1,169,819	238,257	32,273,932
Cost of revenue	(16,049,463)	(1,812,750)	(720,891)	(228,107)	(18,811,211)
GROSS PROFIT	1,589,151	11,414,492	448,928	10,150	13,462,721
Finance income	96,078	20,500	2,003	9,001	127,582
Finance costs	(1,088,395)	(13,910)	(13,071)	(3,339)	(1,118,715)
Translation (loss)/gain on foreign currency balances and transactions	(3,809,031)	(224,071)	13,824	56,982	(3,962,296)
Depreciation and amortization	(4,562,970)	(545,389)	(105,891)	(5,304)	(5,219,554)
Share of profit from associates	1,982,598	-	-	-	1,982,598
Total assets	90,318,036	6,399,886	1,070,417	574,516	98,362,855
Total liabilities	48,574,367	3,777,792	731,462	1,141,575	54,225,196

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Interim Condensed Consolidated Financial Information

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period ended September 30, 2022

(Amounts in thousands of Egyptian Pound)

18 Segment information (continued)

As at September 30, 2021

	Communication, marine cables and infrastructure	Internet	Outsourcing	Others	Total
Revenue	14,022,331	11,012,870	1,136,362	206,977	26,378,540
Cost of revenue	(13,129,889)	(1,452,673)	(688,858)	(185,812)	(15,457,232)
GROSS PROFIT	892,442	9,560,197	447,504	21,165	10,921,308
Finance income	21,248	13,232	1,464	4,742	40,686
Finance costs	(968,605)	-	-	(1,222)	(969,827)
Depreciation and amortization	(3,593,887)	(406,966)	(93,612)	(4,371)	(4,098,836)
Translation gain/(loss) on foreign currency balances and transactions	425,832	11,131	(760)	(3,359)	432,844
Share of profit from associates	2,175,264	-	-	-	2,175,264
Total assets	79,619,084	3,302,839	641,011	354,115	83,917,048
Total liabilities	38,880,444	2,056,792	320,756	1,048,071	42,306,063

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Interim Condensed Consolidated Financial Information

Notes to the Interim Condensed Consolidated Financial Information (continued)
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19 Comparative figures

Restatement and reclassifications were made to certain of the comparative figures of the consolidated statement of financial position, consolidated statement of profit or loss and consolidated statement of cash flows to comply to the current presentation of the interim condensed consolidated financial information.

The followings are the effect of reclassification on the condensed consolidated interim financial information:

<i>Effect on the consolidated statement of financial position as at January 1, 2021</i>	As previously reported	Restatement	Reclassifications	As currently reported
Trade and other receivables	12,392,654	-	(175,563)	12,217,091
Reserves	(5,003,828)	13,866	-	(4,989,962)
Retained earnings	(15,068,057)	6,483	-	(15,061,574)
Trade and other payable	(19,027,870)	-	689,922	(18,337,948)
Deferred tax liabilities	(2,371,968)	(20,349)	-	(2,392,317)
Accrued income tax	-	-	(514,359)	(514,359)

<i>Effect on the consolidated statement of financial position as at December 31, 2021</i>	As previously reported	Restatement	Reclassifications	As currently reported
Trade and other receivables	11,093,954	-	(267,107)	10,826,847
Reserves	(5,098,334)	(220,276)	-	(5,318,610)
Retained earnings	(21,125,743)	227,719	-	(20,898,024)
Trade and other payable	(22,186,440)	-	1,506,122	(20,680,318)
Deferred tax liabilities	(3,154,023)	(7,443)	-	(3,161,466)
Accrued income tax	-	-	(1,239,015)	(1,239,015)

20 Significant change in exchange rates

The Central Bank of Egypt, in its session held on March 21, 2022, devalued the Egyptian Pound against other foreign currencies, with an objective of providing flexibility to the banks operating in Egypt and promoting flow of foreign exchange through legitimate channels. The exchange rates announced by the Central Bank of Egypt were as follows:

	September 30, 2022		December 31, 2021	
	Sell	Buy	Sell	Buy
USD	19.57	19.51	15.74	15.64
EURO	19.15	18.79	17.87	17.67

Accordingly, the Group have incurred foreign exchange losses amounting to EGP'000 3,962,296 for the period ended September 30, 2022.

Telecom Egypt Company and its subsidiaries
Interim Condensed Consolidated Financial Information

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period ended September 30, 2022

(Amounts in thousands of Egyptian Pound)

20 Significant change in exchange rates (continued)

Subsequent to period end, and on October 27, 2022, The Central Bank of Egypt announced the flotation of EGP. The EGP has devalued by more than 70% since March 31, 2022. The indicative exchange rates announced by the Central Bank of Egypt for the most significant foreign currencies, in which the Group deals, are as follows:

	January 31, 2023		December 31, 2022	
	Sell	Buy	Sell	Buy
USD	30.10	30.00	24.76	24.68
EURO	32.63	32.37	26.35	26.26

As a result of the afore-said devaluation of Egyptian Pound, the Group's business results were affected in subsequent periods, as significant portion of its monetary assets and liabilities are held in foreign currencies and a sizable part of its operations are carried out outside Egypt. The Group have incurred foreign exchange losses around EGP 10 billion during the year ended December 31, 2022.