

**Telecom Egypt Company**  
**(An Egyptian Joint Stock Company)**  
**Condensed Consolidated Interim Financial Statements**  
**For The Nine Months Ended September 30, 2021**  
**And Limited Review Report**

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**Index**

<b><u>Explanation</u></b>	<b><u>Page Number</u></b>
- Limited Review Report	1
- Condensed Consolidated Statement of Financial Position	2
- Condensed Consolidated Statement of Income	3
- Condensed Consolidated Statement of Comprehensive Income	4
- Condensed Consolidated Statement of Changes in Equity	5
- Condensed Consolidated Statement of Cash Flows	6
- Notes to the Condensed Consolidated Interim Financial Statements	7:29



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*Translation from Arabic*

## **Limited Review Report on The Condensed Consolidated Interim Financial Statements To The Board of Directors of Telecom Egypt Company**

### **Introduction**

We have performed a limited review on the accompanying condensed consolidated statement of financial position of Telecom Egypt Company “an Egyptian joint stock company” as at September 30, 2021 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with Egyptian Accounting Standard number (30) “Interim Financial Reporting”. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our limited review.

### **Scope of Limited Review**

We conducted our limited review in accordance with Egyptian Standard on Review Engagements number (2410), "Limited Review of Interim Financial Statements Performed by the Independent Auditor of the Entity". A limited review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the Company, and applying analytical and other limited review procedures. A limited review is substantially less in scope than an audit conducted in accordance with Egyptian 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 on these condensed consolidated interim financial statements.

### **Conclusion**

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements do not present fairly, in all material respects, the consolidated financial position of the company as at September 30, 2021 and of its consolidated financial performance and its consolidated cash flows for the nine months then ended in accordance with Egyptian Accounting Standard number (30) “Interim Financial Reporting”.

**KPMG Hazem Hassan**  
**Public Accountants & Consultants**

Cairo, November 10, 2021

**Telecom Egypt Company**  
**(An Egyptian Joint Stock Company)**  
**Condensed Consolidated Statement of Financial Position as of:**

	Note	30/9/2021	31/12/2020
	No.	L.E. (000)	L.E. (000)
<b>Assets</b>			
<b>Non Current Assets</b>			
Fixed assets	(11)	40 502 951	38 140 665
Projects in progress	(12)	7 757 680	6 582 100
Investments in associates	(13)	9 911 727	12 306 547
Available-for-sale investments		74 856	74 856
Debtors and other debit balances	(17)	49 460	53 334
Other assets	(14)	9 756 725	9 444 330
Deferred tax assets	(24-1)	211 507	131 959
<b>Total Non Current Assets</b>		<b>68 264 906</b>	<b>66 733 791</b>
<b>Current Assets</b>			
Inventories	(15)	2 358 417	2 092 242
Trade and notes receivable	(16)	5 529 085	6 878 712
Debtors and other debit balances	(17)	6 596 037	6 734 893
Cash and cash equivalents	(18)	1 757 580	2 003 432
<b>Total Current Assets</b>		<b>16 241 119</b>	<b>17 709 279</b>
<b>Total Assets</b>		<b>84 506 025</b>	<b>84 443 070</b>
<b>Equity</b>			
Capital	(22)	17 070 716	17 070 716
Reserves	(23)	5 138 795	5 029 317
Retained earnings		20 047 077	16 643 108
Foreign entities translation reserve		( 35 177)	( 25 489)
<b>Equity attributable to shareholders of the company</b>		<b>42 221 411</b>	<b>38 717 652</b>
<b>Non - controlling interest</b>		<b>12 346</b>	<b>16 028</b>
<b>Total Equity</b>		<b>42 233 757</b>	<b>38 733 680</b>
<b>Non Current Liabilities</b>			
Loans and credit facilities	(19)	2 192 478	3 278 144
Creditors and other credit balances	(20)	6 555 777	5 338 944
Deferred tax liabilities	(24-1)	2 767 673	2 392 317
<b>Total Non Current Liabilities</b>		<b>11 515 928</b>	<b>11 009 405</b>
<b>Current Liabilities</b>			
Loans and credit facilities installments due within one year	(19)	13 879 933	17 009 238
Creditors and other credit balances	(20)	14 921 070	15 256 351
Credit accounts to associates	(28)	794 024	1 331 920
Provisions	(21)	1 161 313	1 102 476
<b>Total Current Liabilities</b>		<b>30 756 340</b>	<b>34 699 985</b>
<b>Total Liabilities</b>		<b>42 272 268</b>	<b>45 709 390</b>
<b>Total Equity and Liabilities</b>		<b>84 506 025</b>	<b>84 443 070</b>

The accompanying notes on pages (7) to (29) are an integral part of these Condensed Consolidated Interim Financial Statements.

Director of Financial Affairs

Senior Director of Financial Affairs

Chief Financial Officer

Managing Director &  
Chief Executive Officer

"Ehab Abdo"

"Wael Hanafy"

"Mohamed Shamsoukh"

"Adel Hamed"

Board of Directors approval

Chairman

"Maged Osman"

Limited Review Report "attached"

**Telecom Egypt Company**  
**(An Egyptian Joint Stock Company)**  
**Condensed Consolidated Statement of Income**

		<u>For the Nine months ended</u>		<u>For the three months ended</u>	
	<u>Note</u>	<u>30/9/2021</u>	<u>30/9/2020</u>	<u>30/9/2021</u>	<u>30/9/2020</u>
	<u>No.</u>		<u>Reclassified</u>		<u>Reclassified</u>
		<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>
Operating revenues	(3)	26 378 540	22 347 392	9 005 559	7 402 072
Operating costs	(4)	(15 274 452)	(13 865 335)	(5 064 659)	(4 699 135)
<b>Gross Profit</b>		<b>11 104 088</b>	<b>8 482 057</b>	<b>3 940 900</b>	<b>2 702 937</b>
Other income		539 722	338 022	125 019	109 553
Selling and distribution expenses	(5)	(2 313 069)	(2 149 719)	( 737 493)	( 683 129)
General and administrative expenses	(6)	(2 761 444)	(2 272 798)	(1 139 028)	( 699 566)
Other operating expenses		( 74 445)	( 281 055)	( 19 363)	( 41 348)
<b>Operating profit</b>		<b>6 494 852</b>	<b>4 116 507</b>	<b>2 170 035</b>	<b>1 388 447</b>
Finance income	(7)	473 530	217 905	92 589	184 552
Finance cost	(7)	(1 079 598)	(1 278 030)	( 253 836)	( 230 400)
<b>Net finance cost</b>	(7)	<b>( 606 068)</b>	<b>(1 060 125)</b>	<b>( 161 247)</b>	<b>( 45 848)</b>
Share of profit of equity accounted investees	(8)	2 318 641	1 563 434	753 102	558 246
<b>Net profit for the period before tax</b>		<b>8 207 425</b>	<b>4 619 816</b>	<b>2 761 890</b>	<b>1 900 845</b>
Income tax expense		(1 810 622)	( 722 404)	( 368 483)	( 262 035)
Deferred tax expense	(24-1)	( 295 808)	( 361 435)	( 165 361)	( 164 391)
<b>Total income tax</b>		<b>(2 106 430)</b>	<b>(1 083 839)</b>	<b>( 533 844)</b>	<b>( 426 426)</b>
<b>Net profit for the period</b>		<b>6 100 995</b>	<b>3 535 977</b>	<b>2 228 046</b>	<b>1 474 419</b>
<b><u>Profit attributable to :</u></b>					
Shareholders of the company		6 098 358	3 532 277	2 226 699	1 473 662
Non-controlling interest		2 637	3 700	1 347	757
<b>Net profit for the period</b>		<b>6 100 995</b>	<b>3 535 977</b>	<b>2 228 046</b>	<b>1 474 419</b>
<b>Basic and diluted earning per share for the period (L.E. / Share)</b>	(10)	<b>3.57</b>	<b>2.07</b>	<b>1.30</b>	<b>0.86</b>

The accompanying notes on pages (7) to (29) are an integral part of these Condensed Consolidated Interim Financial Statements.

**Telecom Egypt Company**  
**(An Egyptian Joint Stock Company)**  
**Condensed Consolidated Statement of Comprehensive Income**

	<u>For the nine months ended :</u>		<u>For the three months ended :</u>	
	<u>30/9/2021</u>	<u>30/9/2020</u>	<u>30/9/2021</u>	<u>30/9/2020</u>
	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>
Net profit for the period	6 100 995	3 535 977	2 228 046	1 474 419
<b><u>Other Comprehensive Income items :</u></b>				
Translation differences of foreign entities	( 13 763)	( 21 047)	( 2 213)	( 26 948)
<b>Total Comprehensive Income</b>	<b><u>6 087 232</u></b>	<b><u>3 514 930</u></b>	<b><u>2 225 833</u></b>	<b><u>1 447 471</u></b>
<b>Attributable to :</b>				
Shareholders of the company	6 084 595	3 511 230	2 224 486	1 446 714
Non-controlling interest	2 637	3 700	1 347	757
<b>Total Comprehensive Income</b>	<b><u>6 087 232</u></b>	<b><u>3 514 930</u></b>	<b><u>2 225 833</u></b>	<b><u>1 447 471</u></b>

The accompanying notes on pages (7) to (29) are an integral part of these Condensed Consolidated Interim Financial Statements.

**Telecom Egypt Company**  
(An Egyptian Joint Stock Company)  
**Condensed Consolidated Statement of Changes in Equity**  
**For The Nine Months Ended September 30, 2021**

Note	Capital	Legal reserve	Other reserves	Retained earnings	Foreign entities translation reserve	Total of equity attributable to shareholders of the company	Non-controlling interest	Total
NO	LE(000)	LE(000)	LE(000)	LE(000)	LE(000)	LE(000)	LE(000)	LE(000)
Balance as of January 1, 2020	17 070 716	1 966 047	2 796 578	13 382 616	(10 623)	35 205 334	15 803	35 221 137
<b>Comprehensive Income</b>								
Net profit for the period	-	-	-	3 532 277	-	3 532 277	3 700	3 535 977
Translation differences of foreign entities	-	-	-	-	(21 047)	(21 047)	-	(21 047)
<b>Total Comprehensive Income</b>	-	-	-	3 532 277	(21 047)	3 511 230	3 700	3 514 930
<b>Transactions with shareholders</b>								
Transferred to legal reserve	-	274 849	-	(274 849)	-	-	-	-
Announced dividends for employees in associates	-	-	-	(60 735)	-	(60 735)	-	(60 735)
Adjustment on retained earnings in associates	-	-	-	(2 248)	-	(2 248)	-	(2 248)
Dividends for year 2019 (shareholders)	-	-	-	(426 768)	-	(426 768)	(5 515)	(432 283)
Dividends for year 2019 (Employees & Board of Directors)	-	-	-	(820 426)	-	(820 426)	(910)	(821 336)
Land & building disposals	-	-	(9 028)	-	-	(9 028)	-	(9 028)
<b>Total transactions with shareholders</b>	-	274 849	(9 028)	(1 585 026)	-	(1 319 205)	(6 425)	(1 325 630)
<b>Balance as of September 30, 2020</b>	<b>17 070 716</b>	<b>2 240 896</b>	<b>2 787 550</b>	<b>15 329 867</b>	<b>(31 670)</b>	<b>37 397 359</b>	<b>13 078</b>	<b>37 410 437</b>
Balance as of January 1, 2021 (Before Restatement)	17 070 716	2 241 767	2 787 550	16 643 108	(25 489)	38 717 652	16 028	38 733 680
Reclassification	-	-	-	(4 075)	4 075	-	-	-
Impact of applying the new Egyptian Accounting Standard	-	-	-	(181 611)	-	(181 611)	-	(181 611)
<b>Balance as of January 1, 2021 (Restated)</b>	<b>17 070 716</b>	<b>2 241 767</b>	<b>2 787 550</b>	<b>16 457 422</b>	<b>(21 414)</b>	<b>38 536 041</b>	<b>16 028</b>	<b>38 552 069</b>
<b>Comprehensive Income</b>								
Net profit for the period	-	-	-	6 098 358	-	6 098 358	2 637	6 100 995
Translation differences of foreign entities	-	-	-	-	(13 763)	(13 763)	-	(13 763)
<b>Total Comprehensive Income</b>	-	-	-	6 098 358	(13 763)	6 084 595	2 637	6 087 232
<b>Transactions with shareholders</b>								
Transferred to legal reserve	-	109 478	-	(109 478)	-	-	-	-
Announced dividends for employees in associates	-	-	-	(218 889)	-	(218 889)	-	(218 889)
Dividends for year 2020 (shareholders)	-	-	-	(1 280 304)	-	(1 280 304)	(5 374)	(1 285 678)
Dividends for year 2020 (Employees & Board of Directors)	-	-	-	(900 032)	-	(900 032)	(945)	(900 977)
<b>Total transactions with shareholders</b>	-	109 478	-	(2 508 703)	-	(2 399 225)	(6 319)	(2 405 544)
<b>Balance as of September 30, 2021</b>	<b>17 070 716</b>	<b>2 351 245</b>	<b>2 787 550</b>	<b>20 047 077</b>	<b>(35 177)</b>	<b>42 221 411</b>	<b>12 346</b>	<b>42 233 757</b>

The accompanying notes on page from (7) to (29) are an integral part of these Condensed Consolidated Interim Financial Statements.

**Telecom Egypt Company**  
**(An Egyptian Joint Stock Company)**  
**Condensed Consolidated Statement of Cash Flows**

		<u>For the nine months ended:</u>	
	<u>Note</u>	<u>30/9/2021</u>	<u>30/9/2020</u>
	<u>No.</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>
<b><u>Cash flows from operating activities:-</u></b>			
Cash receipts from customers		29 623 175	21 710 038
Stamp tax and fees collected (from third party)		57 153	35 812
Deposits collected from customers		28 008	1 335
Cash paid to suppliers		(7 306 210)	(6 641 310)
Payments for NTRA license fees		(1 185 641)	( 788 818)
Dividends paid to employees and Board of Directors		( 96 450)	( 97 518)
Cash paid to employees and Board of Directors		(4 430 941)	(4 127 761)
Cash paid on behalf of employees to third party		( 834 791)	( 802 130)
<b>Cash provided by operating activities</b>		<b>15 854 303</b>	<b>9 289 648</b>
Interest paid		( 813 046)	( 667 149)
Payments to Tax Authority - income tax		( 601 624)	( 334 540)
Payments to Tax Authority - value added tax		(1 142 019)	(1 096 442)
Payments to Tax Authority - other taxes		(1 415 650)	(1 176 591)
Other proceeds ( payments )		352 807	( 287 512)
<b>Net cash provided by operating activities</b>		<b>12 234 771</b>	<b>5 727 414</b>
<b><u>Cash flows from investing activities:-</u></b>			
Payments for purchase of fixed assets, projects in progress and other assets		(8 469 450)	(7 066 539)
Payments for purchase of other assets		(2 422 300)	( 730 953)
Proceeds from sales of fixed assets and other assets		175	13
Payments for contract lease liability		( 192 526)	-
Acquisition of investments		-	( 18 212)
Proceeds from sale available for sale investment		-	36 974
Payments for retrieval of held-to-maturity investment - treasury bills		-	( 9 566)
Interest received		8 133	28 035
Dividends collected from investments		4 053 686	621 343
Proceeds from securities (treasury bills - mutual fund)		1 696	14 265
<b>Net cash used in investing activities</b>		<b>(7 020 586)</b>	<b>(7 124 640)</b>
<b><u>Cash flows from financing activities:-</u></b>			
Payments for loans		(1 086 500)	(1 096 758)
(Payments)/ Proceeds from credit facilities		(3 091 978)	2 877 236
Dividends paid to Shareholders		(1 280 304)	( 481 216)
<b>Net cash (used in) provided by financing activities</b>		<b>(5 458 782)</b>	<b>1 299 262</b>
<b>Net change in cash and cash equivalents during the period</b>		<b>( 244 597)</b>	<b>( 97 964)</b>
Translation differences of foreign entities		( 8 263)	( 7 575)
Cash and cash equivalents at the beginning of the period	(18)	1 936 943	1 311 391
<b>Cash and cash equivalents at the end of the period</b>	(18)	<b>1 684 083</b>	<b>1 205 852</b>

The accompanying notes on pages from (7) to (29) are an integral part of these Condensed Consolidated Interim Financial statement

**Telecom Egypt Company**  
**(An Egyptian Joint Stock Company)**

**Notes to the Condensed Consolidated Interim Financial Statements**  
**For The Nine Months Ended September 30, 2021**

**1. BACKGROUND**

**1-1 Legal Entity**

- Arab Republic of Egypt National Telecommunication Organization (ARETO) was established according to Law No.153 of 1980. Effective from March 27, 1998 and according to law No.19 of 1998, the legal form of (ARETO) was amended after the revaluation of its assets on March 26, 1998 to become "Telecom Egypt Company" (TE).
- Telecom Egypt Company (the "Company") is an Egyptian Joint Stock Company registered in the Arab Republic of Egypt and is engaged in the provision of public communications and associated products and services.
- The company is subject to the provisions of the Companies Law No. 159 of 1981 and Capital Market law No. 95 of 1992.
- The registered office of the company is 26 Ramses Street, Cairo, Egypt.
- The nominal shares for the company are traded in the Egyptian Stock Exchange and the London market for securities.

**1-2 Purpose of the company**

The main purpose of the company represents in the following:

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

**1-3 Issuance of Condensed Consolidated Interim Financial Statements**

These Condensed Consolidated Interim Financial Statements were approved by the Board of Directors for issuance on November 10, 2021.

**2. BASIS OF PREPERATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**2-1 Statement of compliance**

- These Condensed Consolidated Interim Financial Statements as of September 30, 2021 have been prepared in accordance with Egyptian Accounting Standard No.30 "Interim Financial Reporting" accordingly it is condensed comparative view to the annual consolidated financial statements for the company, and in the light of applicable Egyptian laws and regulations related to.
- These first condensed consolidated interim financial statements for the nine months have been prepared which Egyptian accounting standard No. 47 "Financial Instruments", Egyptian accounting standard No. 48 "Revenue from contracts with customers" and Egyptian accounting standard No. 49 "lease" were applied.
- The effect of the changes of the current accounting policies clarified in note No. (2-7).

- These Condensed Consolidated Interim Financial Statements don't include all the required information needed for preparing the full annual financial statements and must be read with the consolidated annual financial statements as of December 31, 2020.

## 2-2 Basis of measurement

These Condensed Consolidated Interim Financial Statements have been prepared under the historical cost basis, except for certain financial investments which are evaluated at fair value in according to the Egyptian Accounting Standards.

For presentation purposes, the current and non-current classification has been used for the condensed consolidated balance sheet, while expenses are analyzed in the condensed consolidated income statement using a classification based on their function. The direct method has been used in preparing the condensed consolidated statement of cash flows.

## 2-3 Functional and presentation currency

These Condensed Consolidated Interim Financial Statements are presented in Egyptian pound (L.E.), all financial information presented in "L.E." has been rounded to the nearest thousand unless otherwise stated.

## 2-4 Use of estimates

The preparation of the Condensed Consolidated Interim Financial Statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other various factors that are believed to be reasonable under the circumstances, the results of these assumption represent the judgmental basis for the value of assets and liabilities that may not apparently available from other sources. The actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed ongoing basis. Accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements is included in the following notes:

- |  |  |
|--|--|
| - Impairment loss on financial assets and non-financial. | - Provisions and contingent Liabilities    |
| - Deferred tax assets                                    | - Operational useful life of fixed assets. |

## 2-5 Fair value measurement

- The fair value of financial instruments is determined based on the market value of the financial instrument or similar financial instruments at the date of the condensed consolidated interim financial statements without deducting any estimated future selling costs. The financial assets values are determined with the current purchase prices; however, the financial liabilities values are determined with the current prices that could settle these liabilities.

-In case there is no active market to determine the fair value of the financial instruments, the fair value is estimated using different valuation techniques taking into consideration the prices of the latest transactions, and use the current fair value of the similar financial instruments as guideline – the discounted cash flows technique or any other valuation methods that results reliable values.

-When the discounted cash flows is used as a valuation technique, the future cash flow are estimated based on the management best estimate. The discount rate used is determined in line with the market rate at the date of the financial statements for the similar financial instruments in nature and conditions.

## 2-6 Segment reporting

Operating activities related to the group is 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.

## 2-7 Significant accounting policies

- On March 18, 2019, the Minister of Investment and International Cooperation amended some provisions of the Egyptian accounting standards issued by Minister of Investment Decision No. 110 of 2015, which include some new accounting standards and amendments to some existing standards.
- On April 12, 2020, the Financial Supervisory Authority issued a decision to postpone the application of amendments in the new Egyptian accounting standards to the interim financial statements and limit them to the annual financial statements by the end of 2020.
- On September 17, 2020, Prime Minister Decision No. 1871 of 2020 was issued to postpone the application of the following Egyptian accounting standards until January 1, 2021:
  - A- Standard (47) - Financial Instruments
  - B- Standard (48) - Revenue from contracts with customers
  - C- Standard (49) - Lease Contracts
- Amendments to the standards have been applied with effect from the beginning of 2021, and the group's management decided to apply the Egyptian Accounting Standard No. 47 "Financial Instruments" (see A), the Egyptian Accounting Standard No. 48 "Revenue from Contracts with Customers" (see B) and the Egyptian Accounting Standard. No. 49 "Lease Contracts" (see C) effective January 1, 2021.
- The group has chosen the modified cumulative effect method in applying the changes in accounting policies resulting from the application of these standards. Consequently, the differences resulting from the application of those standards referred to above were recognized in the retained earnings item on January 1, 2021 "if any", and the comparative information included has not been restated to reflect the requirements of the new standards.
- In the following table, the transitional impact of applying the Egyptian Accounting Standard No. 47 "Financial Instruments" and the Egyptian Accounting Standard No. 48 "Revenue from Contracts with Customers" and the Egyptian Accounting Standard No. 49 "Lease Contracts" on the beginning balances of the Condensed Group's financial position was made on January 1, 2021.

Notes to the Condensed Separate Interim Financial Statements  
For The Nine Months Ended September 30, 2021 (continued)

Translation from Arabic

L.E (000)	Beginning balance of financial position	The effect of standard No. 47 "Financial instruments"	The effect of standard No. 48 "Revenue from contracts with customers"	The effect of standard No. 49 "Lease contracts"	Restated Beginning balance of financial position
<b>Assets</b>					
<b>Non Current Assets</b>					
Fixed assets	38 140 665	-	-	-	38 140 665
Projects in progress	6 582 100	-	-	-	6 582 100
Investments in associates	12 306 547	-	-	-	12 306 547
Available-for-sale investments	74 856	-	-	-	74 856
Debtors and other debit balances	53 334	-	-	-	53 334
Other assets	9 444 330	-	-	563 698	10 008 028
Deferred tax assets	131 959	-	-	-	131 959
<b>Total Non Current Assets</b>	<b>66 733 791</b>	-	-	<b>563 698</b>	<b>67 297 489</b>
<b>Current Assets</b>					
Inventories	2 092 242	-	-	-	2 092 242
Trade receivables	6 878 712	-	-	-	6 819 111
Debtors and other debit balances	6 734 893	( 59 601)	-	-	6 709 354
Cash and cash equivalents	2 003 432	-	-	-	2 003 432
<b>Total Current Assets</b>	<b>17 709 279</b>	<b>( 59 601)</b>	-	<b>( 25 539)</b>	<b>17 624 139</b>
<b>Total Assets</b>	<b>84 443 070</b>	<b>( 59 601)</b>	-	<b>538 159</b>	<b>84 921 628</b>
<b>Equity</b>					
Capital	17 070 716	-	-	-	17 070 716
Reserves	5 029 317	-	-	-	5 029 317
Retained earnings	16 643 108	( 59 601)	( 325)	( 121 685)	16 461 497
Foreign entities translation reserve	( 25 489)	-	-	-	( 25 489)
<b>Total Equity (shareholder)</b>	<b>38 717 652</b>	<b>( 59 601)</b>	<b>( 325)</b>	<b>( 121 685)</b>	<b>38 536 041</b>
<b>Non controlling interest</b>	<b>16 028</b>	-	-	-	<b>16 028</b>
<b>Total Equity</b>	<b>38 733 680</b>	<b>( 59 601)</b>	<b>( 325)</b>	<b>( 121 685)</b>	<b>38 552 069</b>
<b>Non Current Liabilities</b>					
Loans and credit facilities	3 278 144	-	-	-	3 278 144
Creditors and other credit balances	5 338 944	-	-	577 200	5 916 144
Deferred tax liabilities	2 392 317	-	-	-	2 392 317
<b>Total Non Current Liabilities</b>	<b>11 009 405</b>	-	-	<b>577 200</b>	<b>11 586 605</b>
<b>Current Liabilities</b>					
Loans and credit facilities installments due within one year	17 009 238	-	-	-	17 009 238
Creditors and other credit balances	15 256 351	-	325	82 644	15 339 320
Credit balance due to associates	1 331 920	-	-	-	1 331 920
Provisions	1 102 476	-	-	-	1 102 476
<b>Total Current Liabilities</b>	<b>34 699 985</b>	-	<b>325</b>	<b>82 644</b>	<b>34 782 954</b>
<b>Total Liabilities</b>	<b>45 709 390</b>	-	<b>325</b>	<b>659 844</b>	<b>46 369 559</b>
<b>Total Equity and Liabilities</b>	<b>84 443 070</b>	<b>( 59 601)</b>	-	<b>538 159</b>	<b>84 921 628</b>

**(A) Egyptian Accounting Standard No. (47) - Financial Instruments**

- Egyptian Accounting Standard No. 47 specifies requirements for recognition and measurement of financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces Egyptian Accounting Standard No. 25 Financial Instruments: Presentation and Disclosure and Financial Accounting Standard No. 26 Financial Instruments: Recognition and Measurement and Egyptian Accounting Standard No. 40 Financial Instruments: Disclosures applied to the disclosures for the year 2021.

**- Classification and measurement of financial assets and financial liabilities**

The new standard requires a group to evaluate financial assets in its financial statements according to the cash flow characteristics of financial assets and the group's related business models for a particular class of financial assets.

Egyptian Accounting Standard 47 no longer has an "available for sale" classification of financial assets. The new standard contains different requirements for financial assets in debt or equity instruments.

**- Debt instruments must be classified and measured in one of the following ways:**

- Amortized cost, as the effective interest rate method or
- Fair value through other comprehensive income, with subsequent reclassification to the statement of profit and loss when selling the financial asset or
- Fair value through profit or loss.

**- Investments in equity instruments other than those that are considered and for which equity accounting should be applied must be classified and measured in one of the following:**

- Fair value through other comprehensive income, with subsequent reclassification to the statement of profit and loss when selling the financial asset .
- Fair value through profit or loss.

The company continues to initially measure financial assets at fair value plus transaction cost upon initial recognition, excluding financial assets measured at fair value through profit and loss in line with current practices. The classification of most financial assets has not been affected. By moving to Egyptian Accounting Standard No. 47 on January 1, 2021, with regard to the reclassification statement that took place when the transition to Egyptian Accounting Standard No. 47 was clarified in the previous countries in this clarification, EAS 47 retains to a large extent the current requirements of it in the Accounting Standard. The Egyptian No. 26 for classification and measurement of current liability.

The application of Egyptian Accounting Standard No. 47 had no impact on the company's accounting policies relating to financial liabilities and derivative financial instruments.

**-Impairment**

Egyptian Accounting Standard No. 47 uses the expected credit loss model. Which replaces the actual loss model in the Egyptian Accounting Standard No. 26, as there was no need to create a provision for doubtful debts except in cases where a loss actually occurred. In contrast, the ECL model requires the company to recognize an allowance for doubtful debts on all financial assets listed at amortized cost as well as debt instruments classified as financial assets at FVTOCI since the initial recognition, regardless of whether the loss occurred.

As a result, the group's doubtful debts provision increased when applying the Egyptian Accounting Standard No. 47 on January 1, 2021, as the effect of applying the expected credit loss model appears in the previous table of this note.

**-Hedge accounting**

Egyptian Accounting Standard No. 47 increases the group's ability to apply hedge accounting. In addition, the requirements of the standard have been more closely aligned with the group's risk management policy, and the effectiveness of the hedging will be measured in the future.

**-Transitional period**

The group applied the standard using the modified cumulative effect method, which means that the effect of applying the standard has been recognized in the retained earnings with effect from January 1, 2021, and the comparative figures have not been restated.

**(B) Egyptian Accounting Standard No. 48 - Revenue from contracts with customers**

Egyptian Accounting Standard No. 48 defines a comprehensive framework for determining the value and timing of revenue recognition. This replaces the standard in place of the following Egyptian standards (Egyptian Accounting Standard No. (11) "Revenue" and Egyptian Accounting Standard No. (8) "Construction Contracts") Revenue is recognized when the customer have Control of units and services. The timing of the transfer of control - over a period of time or at a point in time - requires a measure of personal judgment.

**- Revenue recognition**

Due to the nature of the group's activities, in addition to the group's current accounting policies, the application of the Egyptian Accounting Standard No. 48 did not have a material impact on the recognition of revenue by the group, as shown in the previous table in this note.

**- The costs of obtaining a contract with the client**

Under Egyptian Accounting Standard No. 48, some of the additional costs incurred in obtaining a contract with a customer (contract costs) that were previously not eligible for recognition as an asset under any of the other accounting standards have been deferred in the separate financial position statement.

There is no effect of capitalizing contract costs resulting from the application of Egyptian Accounting Standard No. 48 in the previous table in this note.

**-Transitional period**

The group applied the standard using the modified cumulative effect method, which means that the effect of applying the standard has been recognized in retained earnings with effect from January 1, 2021, and the comparative figures have not been restated.

The effect of applying the Egyptian Accounting Standard No. 48 to the opening balances of the financial position of the company, as of January 1, 2021, is shown in the previous table in this note.

**(C) Egyptian Accounting Standard No. (49) - Lease Contracts**

The Egyptian Accounting Standard No. 49 replaces the Egyptian Accounting Standard No. 20 - Accounting rules and standards related to finance lease operations.

Egyptian Accounting Standard No. 49 "Lease Contracts" provides a single accounting model for the lessor and the lessee where the lessee recognizes the right to use the leased asset within the company's assets and recognizes a liability that represents the current value of unpaid lease payments within the company's liabilities, taking into account that contracts are not classified for the lessee an operating lease contract or a finance lease contract. There are optional exemptions for short-term and low-value leases.

-With regard to the lessor, the lessor must classify each of his lease contracts as either an operating lease contract or a finance lease contract.

-With regard to the financial lease, the lessor must recognize the assets held under a finance lease contract in the consolidated statement of the financial position and present them as dues in an amount equal to the net investment in the lease contract.

-With regard to operating lease, the lessor must recognize lease payments from operating lease contracts as income, either on a straight-line basis or any other regular basis.

-The effect of applying Egyptian Accounting Standard No. 49 to the opening balances of the group's financial position, as of January 1, 2021, is shown in the previous table in this note.

**- Recognition and measurement**

At the commencement of the contract, the group evaluates whether the contract contains lease arrangements and for such arrangements for lease contracts, the group recognizes right of use assets and lease contract liabilities, with the exception of short-term leasing contracts and low-value asset contracts as follows:

Upon initial recognition: right of use asset is measured as the amount equal to the lease liability that is initially measured and adjusted for pre-contract lease payments, initial direct cost, incentives, and the discounted value of the estimated costs of dismantling and removing the asset.

In the subsequent measurement: the right of use is measured at cost minus the accumulated depreciation and the accumulated impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful lives of the right of use assets or the lease term, whichever is less.

The lease liability is measured at the beginning of the lease contract at the present value of the unpaid lease payments on that date over the lease period, and lease payments must be deducted using the additional borrowing rate prevailing in the country. In general, the group uses the additional borrowing rate as the discount rate. Then the lease contract liability is measured at amortized cost using the effective interest rate method.

**- The right of use assets and the liability of the lease contracts will be re-measured later in the event that one of the following events occurs:**

- The change in the lease price due to the link to the price or the rate that has become effective for the period.
- Amendments to the lease contract.
- Reassessment of the lease term.

Contracts for leasing non-core assets that are not related to the main operating activities of the group, which are short-term in nature (less than 12 months including renewal options) and low value commodity leases are included in the income statement as incurred.

**-Transitional period**

The group applied the standard using the modified cumulative effect method, which means that the effect of applying the standard has been recognized in retained earnings with effect from January 1, 2021, and the comparative figures have not been restated.

When switching to Egyptian Accounting Standard No. (49), The company has chosen to apply the practical method to exclude the evaluation under which translations represent lease contracts , The group applied EAS 49 only to contracts that were previously identified as lease contracts that were not identified as leases under EAS 20 were not reassessed consequently , the definition of a lease under EAS 49 was applied to contracts signed or changed before January 1 ,2020 and the company also adopted practiced icentives . when applying Egyptian Accounting Standard No. (49) to lease contracts previously classified as operating lease under Egytian Accounting Standard No.(20)

Lease contracts previously classified as operating leases under the Egyptian Accounting Standard No. (20): The company has also chosen to use recognition exemptions for lease contracts whose lease period does not exceed 12 months or less from the date of initial implementation and does not contain the option to purchase "short-term lease contracts" as well as low-value leasing contracts for "low-value assets."

- Implementing of a single discount rate to a group of lease contracts with reasonably similar characteristics - the average additional interest rate applied to the lease obligations recognized on January 1, 2021, was 10%
- The Implementation of the exemption by not recognizing the assets and liabilities of the right of use asset that expire during the year 2021
- Excluding the initial direct cost from measuring the right of use asset on the date of its initial implementation.

**- Important provisions in determining the lease term for contracts that include renewal options**

The company defines the lease term as the irrevocable period of the lease contract, along with any periods covered by the option to extend the lease contract if this right can be exercised in a very reasonable degree, or any periods covered by the option to terminate the lease contract, if it is certain that Exercise this right.

The company has the option under some lease contracts to lease assets for additional periods. The group applies judgment in assessing whether it is certain and to a reasonable degree to exercise the renewal option, and this means that all relevant factors that create an economic incentive to practice the renewal are taken into account.

After the commencement date, the company will return the lease term if there is a major event or change in the circumstances under its control that affects its ability to exercise (or not exercise) the renewal option (for example) a change in business strategy.

### 3. OPERATING REVENUES

	For the nine months ended :		For the three months ended :	
	30/9/2021	30/9/2020	30/9/2021	30/9/2020
	L.E. (000)	L.E. (000)	L.E. (000)	L.E. (000)
Home and personal communications	13 347 096	10 515 323	4 717 984	3 755 832
Enterprise	3 446 307	2 916 684	1 124 956	998 480
Domestic wholesale	4 231 883	3 608 428	1 535 990	1 046 381
International carrier	3 133 933	3 338 464	984 723	1 070 430
International cables and networks	2 219 321	1 968 493	641 906	530 949
	<u>26 378 540</u>	<u>22 347 392</u>	<u>9 005 559</u>	<u>7 402 072</u>

Total operating revenues have increased by an amount of L.E. 4 031 148 K mainly due to the increase in home and personal communications revenues by an amount of L.E. 2 831 773 K due to the increase in revenues resulting from fixed line and rendering mobile phone services and internet services, in addition to the increase in domestic wholesale revenue by an amount of L.E. 623 455 K due to the increase in access service revenue and infrastructure revenue and the increase in Enterprise revenue by an amount of L.E. 529 623 K due to the increase in revenues resulting from complementary-access and fixed line, and international cables and networks revenue by an amount of L.E. 250 828 K, however the decrease in International carrier by an amount of L.E. 204 531 K led to limitation of this increase.

### 4. OPERATING COSTS

	For the nine months ended :		For the three months ended :	
	30/9/2021	30/9/2020	30/9/2021	30/9/2020
	L.E. (000)	L.E. (000)	L.E. (000)	L.E. (000)
Interconnection cost	4 436 947	4 263 934	1 469 637	1 465 314
Depreciation and amortization	4 171 508	3 378 267	1 479 115	1 133 239
Salaries and wages	1 886 204	2 116 236	485 192	725 392
Company's share in social insurance	230 552	231 595	76 064	77 594
Frequencies and licenses charges ( National Telecom Regulatory Authority )	998 868	831 693	355 374	286 056
Other operating cost	3 550 373	3 043 610	1 199 277	1 011 540
	<u>15 274 452</u>	<u>13 865 335</u>	<u>5 064 659</u>	<u>4 699 135</u>

Operating costs have increased by an amount of L.E. 1 409 117 K mainly due to the following: -

- The increase of interconnection cost by an amount of L.E. 173 013 K which is mainly due to the increase in cost of international connection fees and national roaming fees.
- The increase in the depreciation and amortization item by an amount of L.E. 793 241 K during the period due to the additions of the last quarter of the last year and the current period.
- The increase in other operating cost item by an amount of L.E. 506 763 K is mainly due to the increase in the organizations services costs item by an amount of L.E. 465 238 K due to the increase in outsourcing from others service and the spare parts item by an amount of L.E. 77 277 K.

Notes to the condensed Consolidated Interim Financial Statements  
For The Nine months ended September 30, 2021 (continued)

Translation from Arabic

**5. SELLING AND DISTRIBUTION EXPENSES**

	For the nine months ended :		For the three months ended :	
	30/9/2021	30/9/2020	30/9/2021	30/9/2020
		Reclassified		Reclassified
	L.E. (000)	L.E. (000)	L.E. (000)	L.E. (000)
Salaries and wages	906 413	802 180	262 589	234 939
Company's share in social insurance	107 446	82 573	36 958	27 726
Advertising and marketing	588 595	604 781	196 106	200 181
Agents' commissions and collection contacts*	396 513	308 053	136 864	91 488
Depreciation and amortization	35 196	5 655	12 336	1 901
Other selling and distribution expenses	278 906	346 477	92 640	126 894
	<b>2 313 069</b>	<b>2 149 719</b>	<b>737 493</b>	<b>683 129</b>

The increase in selling and distribution expenses by an amount of L.E 163 350 K mainly due to the increase in Salaries and wages item by an amount of L.E 104 233 K and Agents' commissions and collection contacts item by an amount of L.E 88 460 K, however the decrease in Advertising and marketing item by an amount of L.E 16 186 K led to limitation of this increase.

\* Reclassification was made on comparative figures as shown in Note No. (31).

**6. GENERAL AND ADMINISTRATIVE EXPENSES**

	Note No	For the nine months ended :		For the three months ended :	
		30/9/2021	30/9/2020	30/9/2021	30/9/2020
			Reclassified		Reclassified
		L.E. (000)	L.E. (000)	L.E. (000)	L.E. (000)
Salaries and wages		1 785 360	1 479 627	722 084	419 213
Company's share in social insurance		136 192	113 800	45 497	38 371
The company's contribution in loyalty and belonging fund	(9-2)	150 000	135 000	50 000	45 000
Depreciation and amortization		75 225	73 222	26 905	20 568
Organization services cost and consultants		203 564	146 814	151 047	49 341
Tax and duties		128 266	87 259	44 610	32 535
Other general and administration expenses *		282 837	237 076	98 885	94 538
		<b>2 761 444</b>	<b>2 272 798</b>	<b>1 139 028</b>	<b>699 566</b>

The increase in general and administrative expenses by an amount of L.E. 488 646 K is mainly due to the increase in Salaries and wages item by an amount of L.E 305 733 K and the increase in organizations services costs and consultants by an amount of L.E. 56 750 K and tax and duties item by an amount of L.E. 41 007 K.

\* Reclassification was made on comparative figures as shown in Note No. (31).

**7. NET FINANCE COST**

The decrease in net finance cost by an amount of L.E 454 057 K during the period is mainly due to the increase in translation profits of foreign currencies balances and transactions by an amount of L.E. 259 504 K and the decrease in both of impairment of financial assets value by an amount of L.E 135 467 K and finance cost for deferred contract by an amount of L.E 74 282 K.

## 8. SHARE OF PROFIT OF EQUITY ACCOUNTED INVESTEEES

	<u>For the nine months ended :</u>		<u>For the three months ended :</u>	
	<u>30/9/2021</u>	<u>30/9/2020</u>	<u>30/9/2021</u>	<u>30/9/2020</u>
	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Vodafone Egypt	2 314 706	1 563 663	751 043	558 227
Egypt trust	3 935	(229)	2 059	19
	<u>2 318 641</u>	<u>1 563 434</u>	<u>753 102</u>	<u>558 246</u>

Represented in the group's share of profits (losses) of the investee companies according to the equity method.

## 9. EMPLOYEE'S BENEFITS

### 9-1 Early retirement scheme

The Company applies an optional early retirement scheme under which a compensation is paid to employees who desired and meet the requirements to end their service before the legal age of retirement, therefore the company's Board of Directors decided in its meeting which have been held on March 24, 2019 to approve the application of the optional early retirement scheme for the employees of the company before the legal age of retirement. Also on June 9, 2019, internal instructions were issued under no. (8) to determine the mechanism of applying the optional early retirement scheme by specifying the conditions of enrollment in the scheme and the benefits offered to the employees of the company, enrollment application to be submitted during the period from June 9, 2019 till July 9, 2019 according to the following:

#### First: The important conditions of the optional early retirement

- The subscription duration in social insurance not less than Twenty years.
- Approval of the company's manpower planning committee of the company according to the requirement of work and the company has the right to reject any application.
- The subscription application submitted by the employee is final and not repealed at the expiration of seven days from the date of its submission.

#### Second: The most important benefits of an optional early retirement

- Payment of compensation for the remaining period, which represents the total of the remaining salaries including periodic increment up to the legal age of retirement calculated at present value by a specified discount rate.
- Payment of compensation instead of the loyalty and belonging grant of 100 months on the basic salary on 1/1/2015 with an increase of 5% per annum.
- Payment of compensation for unused leaves in accordance with the regulations in force.
- Payment of an amount of 1500 per month for three years or until the age of sixty whichever is the earlier.

- Enjoying medical insurance system for employees and their families for three years or until the age of sixty whichever is earlier.
- Enjoying the benefit of telecommunication services for employees for three years or until the age of sixty whichever is earlier.

The company's manpower planning committee has considered the applications for early retirement submitted by employees to enroll in the system to determine the extent to which those applications meet the conditions and whether the company needs the applicant employee or not, the committee has completed the study of most of the applications submitted by the employees of the company, based on its recommendations and after obtaining all the necessary approvals, a number of administrative orders have been issued for the end of the service of employees whose meet the requirements of the above scheme, the committee have completed the study of all the applications submitted to it by the employees of the company, issuing its recommendations and have prepared the final reports of the results of its work were all the liabilities that the company had borne as a result of the application of the optional early retirement scheme an amount of L.E 1 368 221 K with an amount of L.E 35 048 K in September 30, 2021.

#### 9-2 End of service benefits (Company's Contribution in Loyalty & Belonging Fund)

The employees are granted an end of service benefits through a Loyalty & belonging Fund established in January 2004. Employees' benefit is based on the employees' basic salary in January 1, 2018 increasing annually at a compound rate of 5%. The subscription for employees hired after January 1, 2018 is calculated according to a subscription schedule for new hires and increase annually at a compound rate of 5% starting from the next year of the hiring date with the same conditions of annual raise of employees.

The employees share in loyalty & belonging fund according to constant subscription are based on the same employees' basic salary where the end of service benefit calculated. The company's share represents annual defined contribution and the company had contributed by an amount of L.E 150 000 K for the period ended in September 30, 2021 (against an amount of L.E. 135 000 K for the same period of 2020) stated in the general and administrative expenses as shown in (Note no. 6).

### 10. BASIC AND DILUTED EARNING PER SHARE FOR THE PERIOD

- The profit share of the period is calculated as follows:

	For the nine months ended		For the three months ended	
	30/9/2021	30/9/2020	30/9/2021	30/9/2020
<b>The holding company owners' equity :</b>				
Net profit for the period (LE in thousand)	6 098 358	3 532 277	2 226 699	1 473 662
Number of shares available during the period (share)	1 707 071 600	1 707 071 600	1707 071 600	1707 071 600
<b>Basic and diluted earning per share for the period (LE / share)</b>	<b>3.57</b>	<b>2.07</b>	<b>1.30</b>	<b>0.86</b>

*Notes to the condensed Consolidated Interim Financial Statements  
For The Nine months ended September 30, 2021 (continued)*

*Translation from Arabic*

**11. FIXED ASSETS**

Description	30/9/2021 Cost L.E.(000)	30/9/2020 Cost L.E.(000)	30/9/2021 Accumulated depreciation L.E.(000)	30/9/2020 Accumulated depreciation L.E.(000)	30/9/2021 Net L.E.(000)	30/9/2020 Net L.E.(000)	31/12/2020 Net L.E.(000)
Land	2 344 368	2 344 437	-	-	2 344 368	2 344 437	2 344 431
Buildings & Infrastructure	39 336 502	35 361 268	18 274 611	16 909 008	21 061 891	18 452 260	20 464 692
Centrals & information technologies equipment	36 905 231	35 499 468	20 415 698	23 052 725	16 489 533	12 446 743	14 753 804
Vehicles	276 846	187 449	122 158	117 463	154 688	69 986	115 389
Furniture	1 105 786	960 048	764 523	671 881	341 263	288 167	315 883
Tools & supplies	226 977	209 363	134 843	113 357	92 134	96 006	100 070
Decoration & fixtures	186 029	175 611	166 955	132 615	19 074	42 996	46 396
Fixtures on trunk radio network	315	315	315	315	-	-	-
<b>Total</b>	<b>80 382 054</b>	<b>74 737 959</b>	<b>39 879 103</b>	<b>40 997 364</b>	<b>40 502 951</b>	<b>33 740 595</b>	<b>38 140 665</b>

- The increase in net carrying value of fixed assets mainly due to the additions during the period by an amount of L.E. 6 064 833 K, however the depreciation of the period by an amount of L.E. 3 626 616 K led to limitation of this increase.
- The cost of fixed assets as of September 30, 2021 includes an amount of L.E. 16 952 Million fully depreciated fixed assets and still in use.

**12. PROJECTS IN PROGRESS**

	30/9/2021 L.E. (000)	31/12/2020 L.E. (000)
Land	145 944	37 845
Buildings and Infrastructure	1 251 669	1 437 326
Centrals and information technologies equipment	1 802 624	2 955 007
Tools and supplies	4 972	11 139
Furniture	2 007	12 016
Frequencies license for 20 MH	2 397 300	-
Other Assets (cables)	551 124	547 625
Advance payments - Fixed assets	1 602 223	1 601 816
	<b>7 757 863</b>	<b>6 602 774</b>
<b>Less:</b>		
Impairment loss on projects in progress	183	20 674
	<b>7 757 680</b>	<b>6 582 100</b>

The balance of projects in progress is represented in the part that have been executed from commitments and capital contracts, and advanced payment until September 30, 2021.

Notes to the condensed Consolidated Interim Financial Statements  
For The Nine months ended September 30, 2021 (continued)

Translation from Arabic

### 13. INVESTMENTS IN ASSOCIATES

	30/9/2021		31/12/2020	
	Ownership %	amount L.E. (000)	Ownership %	amount L.E. (000)
- Wataneya for Telecommunication	50.00	125	50.00	125
- Vodafone Egypt Telecommunication company **	44.95	9 906 541	44.95	12 305 297
- Egypt Trust	35.71	11 436	35.71	7 500
- New matrix for technology	25.50	1 250	25.50	1 250
		<b>9 919 352</b>		<b>12 314 172</b>
<b>Less:</b>				
Impairment loss on investment in associates ***		7 625		7 625
		<b>9 911 727</b>		<b>12 306 547</b>

\* Shares of investments in associates are accounted for using the equity method, whereby the initial cost is recognized, including the costs associated with the acquisition, and the subsequent measurement in the consolidated financial statements is made by increasing or decreasing the book value of the investment by the group's share of profits or losses and other comprehensive income items in the investee company.

\*\* The investments in Vodafone Egypt on September 30, 2021 represents the ownership of 107 869 799 shares with a percentage of 44.95% from the total shares of Vodafone Egypt.

The financial year of Vodafone Egypt ends on March 31 of each year and the equity method was applied in recognizing the investment in Vodafone Egypt during preparing the Condensed Consolidated Interim Financial Statements as of September 30, 2021 by using the consolidated financial statements of Vodafone Egypt for the financial year ended in March 31, 2021 which presents the 12 months from the 1st of April 2020 till March 31, 2021, deduct the movements of the period from April 1, 2020 till December 31, 2020 from the consolidated interim financial data of Vodafone Egypt as of December 31, 2020 in addition to the movement of the period from April 1, 2021 to September 30, 2021 based on Vodafone Egypt's consolidated interim financial statements on September 30, 2021 to determine the share of financial period from January 1 to September 30, 2021 of business results.

\*\*\* The impairment loss on investments value for Egypt Trust, Wataneya for Telecommunication, due to the realized losses by these investee companies, which exceeded this investments amount.

### 14. OTHER ASSETS

	30/9/2021	31/12/2020
	L.E. (000)	L.E. (000)
<b>Cost</b>		
Fourth generation network license usufruct (Project)	8 633 330	8 633 330
Assets right of use (Lease Contracts)	91 216	34 296
Submarine Cables (right of way)	1 054 805	-
Right of Use (ROU)	2 124 185	2 059 185
License (internet service - programs )	943 492	899 335
Land (possession-usufruct)	127 235	127 239
Good will	440 684	440 684
	<b>15 839</b>	<b>15 839</b>
	<b>13 430 786</b>	<b>12 209 908</b>
<b>Less:</b>		
Accumulated amortization and impairment	3 674 061	2 765 578
<b>Net other assets</b>	<b>9 756 725</b>	<b>9 444 330</b>

- The increase in net carrying value of other assets mainly due to the increase in Assets right of use (lease contracts) item by an amount of L.E.1 054 805 K.
- Other assets cost includes at September 30, 2021 an amount of L.E 290 Million, other assets fully amortized and still in use.

Notes to the condensed Consolidated Interim Financial Statements  
For The Nine months ended September 30, 2021 (continued)

Translation from Arabic

**15. INVENTORIES**

	30/9/2021	31/12/2020
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Spare parts	1 225 871	1 171 477
Computers	5 952	841
Project cables and supplies	463 498	534 697
Material supplies , Merchandise for sale and Letters of credit	663 096	385 227
	<u>2 358 417</u>	<u>2 092 242</u>

The value of inventories was written down by L.E. 93 067 K (against LE 16 351 K as at December 31, 2020) for obsolete and slow-moving items directly from the cost of each type of inventory related to.

**16. TRADE AND NOTES RECEIVABLES**

	30/9/2021	31/12/2020
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Trade Receivables - National	4 878 110	4 714 503
Trade Receivables - International	2 750 578	4 101 903
	<u>7 628 688</u>	<u>8 816 406</u>
<b>Less:</b>		
Impairment loss on trade receivables	2 107 048	1 937 701
	<u>5 521 640</u>	<u>6 878 705</u>
<b>Add:</b>		
Notes receivable	7 445	7
	<u>5 529 085</u>	<u>6 878 712</u>

Trade and notes receivable balance have decreased by an amount of L.E.1 349 627 K is mainly due to the decrease in trade receivables - International by an amount of L.E. 913 899 K and the decrease in international carrier by an amount of L.E. 437 426 K mainly due to the increase in proceeds from customers from that units within this period.

**17. DEBTORS AND OTHER DEBIT BALANCES**

	30/9/2021	31/12/2020
	<u>L.E.(000)</u>	<u>L.E.(000)</u>
Suppliers – debit balances	1 197 438	984 539
Tax Authority - value added tax	1 284 075	1 608 903
Tax Authority - withholding tax	1 123 147	896 466
Deposits with other	333 826	283 411
Accrued revenues	75 083	78 572
Due from ministries, organizations and companies	529 062	887 114
Temporary debts due from employees	628 283	879 754
Tax Authority - Income tax	183 796	175 563
Prepaid expenses	49 460	53 334
Other debit balances	1 547 133	1 246 351
	<u>6 951 303</u>	<u>7 094 007</u>
<b>Less balances due within more than one year:</b>		
Prepaid expenses	49 460	53 334
Debitors and non current debit balances	<u>49 460</u>	<u>53 334</u>
Debitors and current debit balances	<u>6 901 843</u>	<u>7 040 673</u>
<b>Less:</b>		
Impairment loss on debtors and other debit balances	305 806	305 780
<b>Total debtors and other debit balances</b>	<u>6 645 497</u>	<u>6 788 227</u>

Debtors and other debit balances have decreased by an amount of L.E. 142 730 K mainly due to the decrease in due from ministries, organization and companies item by an amount of L.E 358 052 K and Tax Authority – value added tax item by an amount of L.E 324 828 K and Temporary debts due from employees by an amount of L.E 251 471 K, however the increase in Tax Authority – withholding tax item by an amount of L.E 226 681 K, and suppliers – debit balances item by an amount of L.E 212 899 K led to limitation of this decrease.

*Notes to the condensed Consolidated Interim Financial Statements  
For The Nine months ended September 30, 2021 (continued)*

*Translation from Arabic*

**18. CASH AND CASH EQUIVALENTS**

	<b>Note</b>	<b>30/9/2021</b>	<b>31/12/2020</b>	<b>30/9/2020</b>
	<b>No.</b>	<b>L.E. (000)</b>	<b>L.E. (000)</b>	<b>L.E. (000)</b>
Banks - time deposits (less than 3 months)		254 168	1 205 037	322 034
Banks - current accounts		1 333 404	659 812	821 549
Cash on hand		11 230	4 373	12 260
Treasury bills (less than 3 months)		51 092	55 982	34 718
Money market funds (less than 3 months)		107 686	78 228	114 562
<b>Cash and cash equivalents</b>		<b>1 757 580</b>	<b>2 003 432</b>	<b>1 305 123</b>
<b>Less:</b>				
Restricted cash and cash equivalents at banks	(26)	73 497	66 489	99 271
<b>Cash and cash equivalents as per statement of cash flows</b>		<b>1 684 083</b>	<b>1 936 943</b>	<b>1 205 852</b>

**19. LOANS AND CREDIT FACILITIES**

- The decrease in the balance of loans and credit facilities by an amount of L.E 4 214 971 K mainly resulting from payments of loans and credit facilities with local and foreign currencies amounted to L.E. 3 150 281 K, where loans and credit facilities with local and foreign currencies in September, 30 2021 amounted to L.E. 16 072 411 K (against L.E. 20 287 382 K at December 31, 2020) due within a year by an amount of L.E. 13 879 933 K, including credit facilities by an amount of L.E. 12 403 049 K.

**20. CREDITORS AND OTHER CREDIT BALANCES**

	<b>Note</b>	<b>30/9/2021</b>	<b>31/12/2020</b>
	<b>No</b>	<b>L.E. (000)</b>	<b>L.E. (000)</b>
Suppliers and notes payable		1 769 276	2 151 216
Tax Authority-Income Tax		1 346 997	718 953
Tax Authority (taxes other than income tax)		808 700	391 734
Deposits to others		554 294	538 467
Liability of early retirement scheme	(9-1)	35 098	67 140
Assets creditors		9 052 083	11 102 296
Dividends payable		4 064	3 763
Accrued expenses		776 900	937 711
Contract lease liabilities		850 138	-
Public Authority for Social Insurance		85 986	70 129
Trade receivables - credit balances		2 080 415	973 138
Credit balances organizations and companies		224 451	374 658
Deferred revenues		2 278 724	1 491 973
National Telecommunication Regulatory Authority (NTRA)		849 329	1 001 733
Other credit balances		760 392	772 384
		<b>21 476 847</b>	<b>20 595 295</b>
<b>balances due within more than one year:</b>			
Assets creditors		5 540 347	5 065 367
Contract lease liabilities		762 048	-
Deferred revenues		253 382	273 577
<b>Creditors and non current liabilities balances</b>		<b>6 555 777</b>	<b>5 338 944</b>
<b>Creditors and current liabilities balances</b>		<b>14 921 070</b>	<b>15 256 351</b>
<b>Total Creditors and other credit balances</b>		<b>21 476 847</b>	<b>20 595 295</b>

Creditors and other credit balances have increased by an amount of L.E 881 552 K mainly due to the increase in both of deferred revenue by an amount of L.E 786 751 K as a result of the increase in transmission systems lease revenue from mobile and internet by an amount of L.E 842 180 K, and contract lease liabilities item by an amount of L.E 850 138 K, and Tax Authority – income tax item by an amount of L.E 628 044 K and Tax Authority (taxes other than income tax) item by an amount of L.E 416 966 K.

*Notes to the condensed Consolidated Interim Financial Statements  
For The Nine months ended September 30, 2021 (continued)*

*Translation from Arabic*

**21. PROVISIONS**

	<b>30/9/2021</b>	<b>31/12/2020</b>	<b>30/9/2020</b>
	<b><u>L.E.(000)</u></b>	<b><u>L.E.(000)</u></b>	<b><u>L.E.(000)</u></b>
Balance at the beginning of the period / year	1 102 476	772 610	772 610
Reclassification during the period/year	229 343	-	24 462
Reversal of used provision	( 151 367)	-	189 296
Provision used during the period / year	( 19 137)	( 32 693)	( 7 419)
Charged to income statement for the period / year	-	362 553	-
Translation differences	(2)	6	(88)
<b>Balance at the end of the period / year</b>	<b><u>1 161 313</u></b>	<b><u>1 102 476</u></b>	<b><u>978 861</u></b>

- The reverse of provisions charged to income statement during the period, as it's no longer required.

**22. CAPITAL**

- The company's issued and fully paid-up capital is L.E. 17 070 716 K, represented in 1 707 071 600 shares at a par value of L.E. 10 each.
- The Egyptian Government owns 80% after floating 20% of company's shares in public offering during December 2005.

**23. RESERVES**

	<b>30/9/2021</b>	<b>31/12/2020</b>
	<b><u>L.E.(000)</u></b>	<b><u>L.E.(000)</u></b>
Legal reserve *	2 351 245	2 241 767
Other reserves	2 787 550	2 787 550
	<b><u>5 138 795</u></b>	<b><u>5 029 317</u></b>

\*The balance of legal reserve has increased as a result of retaining an amount of L.E. 109 478 K from the profit of 2020 in accordance with the company's articles of association.

**24. DEFERRED TAX**

**24-1 Recognized deferred tax assets and liabilities**

	<b>30/9/2021</b>		<b>31/12/2020</b>	
	<b>Assets</b>	<b>(Liabilities)</b>	<b>Assets</b>	<b>(Liabilities)</b>
	<b><u>L.E.(000)</u></b>	<b><u>L.E.(000)</u></b>	<b><u>L.E.(000)</u></b>	<b><u>L.E.(000)</u></b>
Total deferred tax asset / liability	211 507	(2 767 673)	131 959	(2 392 317)
Net deferred tax liability	-	(2 556 166)	-	(2 260 358)
Deferred tax charged to consolidated income statement for the period / year	-	( 295 808)	-	1 011 260

**24-2 Unrecognized deferred tax assets**

	<b>30/9/2021</b>	<b>31/12/2020</b>
	<b><u>L.E.(000)</u></b>	<b><u>L.E.(000)</u></b>
Unrecognized deferred tax assets	<b><u>544 084</u></b>	<b><u>518 869</u></b>

Deferred tax assets have not been recognized in respect of the above due to the uncertainty of the utilization of their benefits in the foreseeable future.

**25. CAPITAL COMMITMENTS**

The group's capital commitments for the unexecuted parts of contracts up to September 30, 2021 amounted to L.E 398 Million (against L.E. 274 Million up to December 31, 2020).

## 26. CONTINGENT LIABILITIES

In addition to the amounts included in the condensed consolidated statement of financial statements as of September 30, 2021, the company has the following contingent liabilities:

	30/9/2021	31/12/2020
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
- Letters of guarantee issued by banks on behalf of the company*	2 635 092	2 008 421
- Letters of credit	1 149 840	1 773 804

\*Includes letters of guarantee which were issued by banks at September 30, 2021 against restricted cash and cash equivalents at banks (note no.18).

## 27. TAX POSITION (Telecom Egypt Company)

### 27-1 Corporate tax

- Tax inspection was performed for the years till December 31, 2015 and all due taxes were settled.
- Tax inspection for the years 2016 and 2017 is in process.
- Tax return was submitted according to the income tax law and all taxes were paid during the legal dates.

### 27- 2 Value Added Tax \ Sales Tax

- Tax inspection for the years 2010 until 2015 was performed and the tax differences were settled and the company didn't pay the additional tax, lawsuit was raised regarding it, and the company provide request to override it according to law No. 173 for year 2020.
- Tax inspection for the years 2016 and 2017 is in process.
- Tax returns were submitted according to the value added tax law and the accrued taxes were paid.

### 27- 3 Salary Tax

- Tax inspection was performed for the years till December 31 ,2014 and the Company was notified with tax differences and all due taxes were settled, the company disputed for one item and has been transferred to the Internal Committee.
- Tax inspection for the years 2015 and 2016 is in process.

### 27- 4 Stamp Tax

- Tax inspection for the period from March 27, 1998 to December 31, 2000 was performed for certain sectors and the company was notified with assessment basis, the company objected and appealed on the disputed items on the due dates and the provisions were formed to meet any tax liabilities that may arise.
- Tax inspection for the period from January 1, 2001 till July 31, 2006 was performed for certain sectors of the company and taxes due were settled. Tax inspection for the remaining sectors is currently being undertaken for the same period.
- Tax inspection for period from August 1, 2006 to December 31, 2016 was performed and the tax differences were settled.
- Tax inspection for the years 2017 and 2018 is in process.

**27- 5 Real Estate Tax**

- All taxes are paid according to the tax forms received by the company. The company's Legal Department follows up the disputes according to the real estate tax law.
- Tax returns were submitted according to the new real estate tax law No.196 for the year 2008 on the due dates.
- Provisions were formed to meet any tax liabilities that may arise from the tax inspection.

**28. RELATED PARTY TRANSACTIONS IS REPRESENTED IN**

transactions between the group and it's associates. The related transactions during the period and balances on the condensed consolidated interim financial statements date are stated as follows:-

Transactions volume						
Nature of transactions during the period	during the period stated in the statement of income		Movement during the period		Balance as of	
			Debit	Credit	30/9/2021	31/12/2020
	LE 000	LE 000	LE 000	LE 000	Debit (Credit)	Debit (Credit)

**29. GROUP ENTITIES**

- Subsidiaries companies are controlled by group companies.
- The group companies control the invested entities when affected by or entitled to variable interest, through participating and influencing the interest due to authority on invested entity.
- The condensed consolidated interim financial statement includes the subsidiary companies that it hold, from the date of acquisition till end date.
- Company's direct and indirect share in subsidiaries companies on September 30, 2021 which were included in the condensed consolidated interim financial statements is as follows:

<u>Company name:</u>	<u>Country of incorporation</u>	<u>Ownership interest</u>	
		<u>30/9/2021</u>	<u>31/12/2020</u>
Telecom Egypt France	France	100.00 %	100.00 %
WE Data	Egypt	100.00 %	100.00 %
T.E Data Jordan	Jordan	100.00 %	100.00 %
TE Investment Holding	Egypt	100.00 %	100.00 %
The Egyptian Telecommunication Company for Information Systems (Xceed)	Egypt	100.00 %	100.00 %
Xceed Customer Care Maroc	Morocco	100.00 %	100.00 %
Xceed Customer Care Mauritius	Mauritius	100.00 %	100.00 %
Centra Technologies	Egypt	100.00 %	100.00 %
Centra Industries	Egypt	100.00 %	100.00 %
Telecom Egypt Globe	Singapore	100.00 %	100.00 %
Egyptian international submarine cables company (Eiscc)	Egypt	100.00 %	100.00 %
Middle East and North Africa Submarine Cable Company ( MENA CABLE )	Egypt	100.00 %	100.00 %
Mena Company For Submarine Cable Company ( MENA CABLE ITALY )	Italy	100.00 %	100.00 %
Egyptian Telecommunication Integrated Service Company	Egypt	100.00 %	-
Centra Distribution	Egypt	99.99 %	99.99 %
Middle East Radio Communication (MERC)	Egypt	51.00 %	51.00 %

### 30 –SIGNIFICANT CLAIMS AND LITIGATION:

#### **The Existing Remedy lawsuit between Telecom Egypt “TE”, Etisalat Misr Company & its subsidiaries: the EGY Net and Nile on Line)**

The aforementioned telecom operators “ companies” (Etisalat’s Misr and its subsidiaries) filed a lawsuit “in the Economic Court” against Telecom Egypt on January 18, 2019 , based on the decision of the Egyptian Competition Protection Authority “ECA” on March 8, 2016, where the claiming companies had filed a complaint with the ECA against TE on the basis that the TE’s has carried out practices that restrict competition in the Egyptian market, and the ECA decision to prove the violation of Telecom Egypt.

where the claiming companies ( Etisalat misr and other subsidiry ) claim that Telecom Egypt implemented the process of replacing and installing the modern fiber-optic cable “MSAN” network suddenly replaces and swapped the copper cables infrastructure without prior notification or coordination, which entailed cutting off the service for the clients of the claiming operators , and at the May 28, 2019 case session, the court decided to reserve the lawsuit for the judgment for the 25th of June 2019 session, so that the court issued a preliminary ruling delegating a tripartite experts committee. Which has been finalized and submitted its report officially to the court on the second half of January 2021, and still now the lawsuit is before the Economic Court in Cairo, On November 10, 2021 the session is being determiend to consider before another experts committee

**The TE’s legal advisor** believes that based on the legal position in the previous lawsuit referred to, that there are explicit appeals procedures against the report of the tripartite committee, where measurements and procedures are under way for a legal response on the report as to submit it to the court and request to return the file again to the experts to reconsider the report’s result.

**31. COMPARATIVE FIGURES**

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

**Impact on the condensed consolidated statement of income:**

	<u>For the nine months ended</u>		<u>For the nine months ended</u>		<u>For the three months ended</u>		<u>For the three months ended</u>
	30/9/2020	<u>Reclassification</u>	30/9/2020		30/9/2020	<u>Reclassification</u>	30/9/2020
	<u>as previously reported</u>	<u>(debit) / credit</u>	<u>Reclassified</u>		<u>as previously reported</u>	<u>(debit) / credit</u>	<u>Reclassified</u>
	<u>LE(000)</u>	<u>LE(000)</u>	<u>LE(000)</u>		<u>LE(000)</u>	<u>LE(000)</u>	<u>LE(000)</u>
Selling and distribution expenses	2 110 246	39 473	2 149 719		675 922	7 207	683 129
General and administrative expenses	2 312 271	(39 473)	2 272 798		706 773	(7 207)	699 566

**32- SIGNIFICANT EVENTS**

Most of countries in the world included Egypt during the first quarter of 2020, have been exposed to the outbreak of Coronavirus (Covid-19) and the company had taken considerations performing the precautionary measures to protect its employees and customers from the risk of spreading the virus.

The Company's executive management assigned an overall plan and precautionary measures for dealing with the pandemic.

**Firstly: Actions taken by the company to Employees**

Reduction in presence of the company workforce at this time by following the work from home policy, to do that the fixed internet package was increased to a doubling load capacity. In addition, to increase the mobile internet package. Furthermore sending a periodical messages for employees to motivate them on following the precautionary measures. And application of the country guidelines regarding the women, special needs and chronic diseases, and provide the functions of prevention especially the employees that interact directly with the clients.

**Secondly: Actions taken by the company to Customers**

The company has been taking the customers safety in consideration during this exceptional circumstances, with the availability for all electronic means of payments through Telecom Egypt website or the digital wallet (WE Pay).

**Thirdly: Actions taken by the company to the Egyptian general public in light of the social responsibility**

The company adopted multiple initiatives, as the medical, social and symbiotic, which aim to help and aware the Egyptian general public with the main risks.

**Hereunder the main risks that defined by crisis management team and approved by the company:****1- The risks of collection, deposit and credit liquidity**

- The company is studying the impairment of customer balances according to the requirements of the Egyptian Accounting Standards.
- The company has a strong and balanced financial position supported by the company's cash sales and collections from the market, and the company has a distinct credit rating with Egyptian and international banks.

2- A decrease in indicators of the company's non-financial assets and investments

Telecom Egypt analyze changes in the value of non-financial assets and clarify those changes in accordance with the requirements of the Egyptian accounting standards and financial reporting of losses in the value of those assets, as that decrease would have a considerable impact on the financial indicators. However the management at their own discretion, considers that there is no decrease to be proven written.

3- Selling and distribution risks

Telecom Egypt Group achieved growth in the period revenue compared to the comparative period to reflect the absence of the negative impact of Coronavirus on the company's revenue, and the company's sales plans have been reviewed and updated to be suitable for the current events.

Under the procedures established by the company and the suffered risks and the current situation in the country, the company ensures carrying on providing and stability of the service for the customers by expansion of the infrastructure and attract new clients in light of increasingly widespread use of the telecommunication services and the reliability on it.

It is evident from the above, that until now there is no negative impact on the Telecom Egypt's condensed separate interim financial statements, for the financial Nine months ended September 30, 2021 as well as during the subsequent periods of that date.

**33- SUBSEQUENT EVENTS**

On October 20, 2021 Telecom Egypt has signed a USD 500 Million medium – term syndicated loan, which will be used to support its capital and operational expenditure, and refinance an existing short – term facility.

First Abu Dhabi Bank PJSC (FAB) and Mashreq Bank NPSC (Mashreq) were mandated as joint Book runners and mandated lead arrangers of the facility that was received on october 2018. FAB is the facility agent for the transaction and Mashreq Bank is the designated Account Bank.

On November 9, 2021 Vodafone Egypt (VFE) management has informed Telecom Egypt (TE) that Vodafone Group (VFG) has received an initial offer from Vodacom for the transfer of VFG's stake in Vodafone Egypt to Vodacom. Vodafone Group will disclose the value and structure of the offer.

The current modified shareholders' agreement signed on 7 June 2021 by VFE's shareholders grants TE enhanced rights and benefits and allows VFG to transfer its shareholding in VFE within the broader Vodafone Group (as has been disclosed earlier). The latter is conditional on the new shareholder submitting a deed of adherence to the new amended shareholders agreement, which Vodafone Egypt management has confirmed that Vodacom has committed to with Vodafone Group.

**34- SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in the preparation of the condensed consolidated interim financial statements as of September 30, 2021 is the same as the accounting policies applied in the preparation of the annual consolidated financial statements as of December 31, 2020, these accounting policies have been applied consistently to all periods presented in these condensed consolidated interim financial (except for what mentioned before – Note No. (2-7)).