

**Telecom Egypt Company  
Condensed Consolidated Interim Financial Statements  
Prepared in Accordance with IFRSs  
For The Six Months Ended June 30, 2021  
And Independent Auditor's Review Report**

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## Hazem Hassan

Public Accountants & Consultants

B (105) – Avenue (2) – Smart Village  
Km 28 Cairo – Alex Desert Road  
Giza – Cairo – Egypt  
Postal Code : 12577

Telephone : (202) 35 37 5000 – 35 37 5005  
E-mail : Egypt@kpmg.com.eg  
Fax : (202) 35 37 3537  
P.O. Box : (5) Smart Village

### Independent auditors' report on review of condensed consolidated interim financial statements

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To the Board of Directors of Telecom Egypt Company

#### Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Telecom Egypt Company as at 30 June 2021, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six months period then ended, and notes to the interim financial statements ('the condensed consolidated interim financial statements'). Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review

#### Scope of Review

We conducted our review in accordance with the Egyptian Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial statements 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 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.

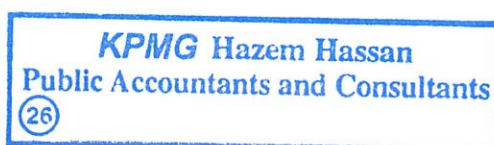
#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at and for the six months ended 30 June 2021 are not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

*KPMG Hazem Hassan*

KPMG Hazem Hassan  
Cairo, Egypt

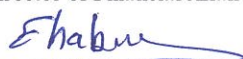
October 13, 2021



**Telecom Egypt Company**  
**Condensed consolidated statement of financial position**

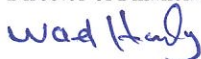
In thousands of Egyptian Pound	Note	30 June 2021	31 December 2020
<b>Assets</b>			
Property, plant and equipment	11	47 005 295	44 175 044
Intangible assets	12	10 289 694	10 551 905
Equity-accounted investees	13	9 242 973	12 270 440
Available-for-sale investments		74 856	74 856
Other financial assets		50 589	53 334
Deferred tax assets	22	205 498	131 959
<b>Non-current assets</b>		<b>66 868 905</b>	<b>67 257 538</b>
Inventories	14	2 498 138	2 092 242
Trade and other receivables	15	15 537 724	12 610 163
Cash and cash equivalents	16	1 328 110	2 003 432
<b>Current assets</b>		<b>19 363 972</b>	<b>16 705 837</b>
<b>Total assets</b>		<b>86 232 877</b>	<b>83 963 375</b>
<b>Equity</b>			
Share capital	17	17 070 716	17 070 716
Reserves	17	5 101 756	5 003 828
Retained earnings		17 488 383	15 551 451
<b>Equity attributable to owners of the company</b>		<b>39 660 855</b>	<b>37 625 995</b>
<b>Non-controlling interests</b>		<b>10 539</b>	<b>15 095</b>
<b>Total equity</b>		<b>39 671 394</b>	<b>37 641 090</b>
<b>Liabilities</b>			
Loans and credit facilities	19	2 526 262	3 278 144
Trade and other payables	20	6 030 210	5 482 961
Deferred revenue		259 366	273 577
Deferred tax liabilities	22	2 626 344	2 371 968
<b>Non-current liabilities</b>		<b>11 442 182</b>	<b>11 406 650</b>
Loans and credit facilities	19	17 781 606	17 009 238
Trade and other payables	20	12 694 411	14 253 280
Deferred revenue		2 933 132	1 218 721
Credit accounts due to associates		574 438	1 331 920
Provisions	21	1 135 714	1 102 476
<b>Current liabilities</b>		<b>35 119 301</b>	<b>34 915 635</b>
<b>Total liabilities</b>		<b>46 561 483</b>	<b>46 322 285</b>
<b>Total equity and liabilities</b>		<b>86 232 877</b>	<b>83 963 375</b>

Director of Financial Affairs



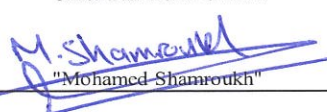
"Ehab Abdo"

Senior Director of Financial Affairs



"Wael Hanafy"

Chief Financial Officer



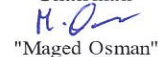
"Mohamed Shamroukh"

Managing Director  
& Chief Executive Officer


"Adel Hamed"

Board of Directors approval

Chairman


  
"Maged Osman"

Independent auditor's review report " attached "

The notes on pages 6 to 23 are an integral part of these condensed consolidated interim financial statements.



**Telecom Egypt Company**  
**Condensed consolidated statement of profit or loss and other comprehensive income**

In thousands of Egyptian Pound	Note	For the six months ended 30 June		For the three months ended 30 June	
		2021	2020 Reclassified	2021	2020 Reclassified
<b>Continuing operations</b>					
Revenues	5	17 372 981	14 831 811	8 973 900	7 827 937
Operating costs	6	(10 390 108)	(9 337 848)	(5 466 442)	(4 943 010)
Gross profit		6 982 873	5 493 963	3 507 458	2 884 927
Other income		414 703	228 469	90 650	101 252
Selling and distribution expenses	7	(1 652 647)	(1 529 803)	(888 327)	(723 862)
Administrative expenses	8	(1 761 625)	(1 716 305)	(914 994)	(880 926)
Impairment loss on trade and other receivables		(113 689)	(187 398)	(6 943)	(151 430)
Other expenses		(55 082)	(239 707)	(30 086)	(99 743)
<b>Operating profit</b>		<b>3 814 533</b>	<b>2 049 219</b>	<b>1 757 758</b>	<b>1 130 218</b>
Finance income		380 941	33 353	13 859	16 919
Finance costs		(712 073)	(909 993)	(347 089)	(927 383)
<b>Net finance cost</b>	10	<b>(331 132)</b>	<b>(876 640)</b>	<b>(333 230)</b>	<b>(910 464)</b>
Share of profit of equity-accounted investees, net of tax		1 467 107	957 545	667 727	506 427
<b>Profit for the period before tax</b>		<b>4 950 508</b>	<b>2 130 124</b>	<b>2 092 255</b>	<b>726 181</b>
Income tax		(1 622 976)	(641 431)	(640 343)	(226 053)
<b>Profit for the period</b>		<b>3 327 532</b>	<b>1 488 693</b>	<b>1 451 912</b>	<b>500 128</b>
<b>Other comprehensive income</b>					
<b>Item that are or may be reclassified subsequently to profit or loss</b>					
Foreign operations - foreign currency translation differences		(11 550)	5 901	(2 549)	43 304
<b>Other comprehensive income for the period, net of tax</b>		<b>(11 550)</b>	<b>5 901</b>	<b>(2 549)</b>	<b>43 304</b>
<b>Total comprehensive income</b>		<b>3 315 982</b>	<b>1 494 594</b>	<b>1 449 363</b>	<b>543 432</b>
<b>Profit attributable to:</b>					
Owners of the company		3 326 714	1 486 205	1 451 950	498 444
Non - controlling interests		818	2 488	(38)	1 684
		3 327 532	1 488 693	1 451 912	500 128
<b>Total comprehensive income attributable to:</b>					
Owners of the company		3 315 164	1 492 106	1 449 401	541 748
Non - controlling interests		818	2 488	(38)	1 684
		3 315 982	1 494 594	1 449 363	543 432
<b>Earning per share</b>					
Basic earnings per share (LE)	18	1.95	0.87	0.85	0.29
Diluted earnings per share (LE)	18	1.95	0.87	0.85	0.29

The notes on pages 6 to 23 are an integral part of these condensed consolidated interim financial statements.

Telecom Egypt Company  
Consolidated statement of changes in equity  
For the six months ended 30 June 2021

	Attributable to owners of the company						Total equity attributable to equity holders of the company	Non-controlling interest	Total equity
	Share capital	Legal reserve	Translation reserve	Other reserve	Retained Earnings				
Balance at 31 December 2020	17 070 716	2 241 767	(25 489)	2 787 550	15 551 451	37 625 995	15 095	37 641 090	
<b>Total comprehensive income for the period</b>									
Profit for the period	-	-	-	-	3 326 714	3 326 714	818	3 327 532	
Other comprehensive income for the period	-	-	(11 550)	-	-	(11 550)	-	(11 550)	
<b>Total comprehensive income</b>	-	-	(11 550)	-	3 326 714	3 315 164	818	3 315 982	
<b>Transactions with owners of the company</b>									
Transferred to reserves	-	109 478	-	-	(109 478)	-	-	-	
Dividends	-	-	-	-	(1 280 304)	(1 280 304)	(5 374)	(1 285 678)	
<b>Total transactions with owners of the company</b>	-	109 478	-	-	(1 389 782)	(1 280 304)	(5 374)	(1 285 678)	
<b>Balance as at 30 June 2021</b>	<b>17 070 716</b>	<b>2 351 245</b>	<b>(37 039)</b>	<b>2 787 550</b>	<b>17 488 383</b>	<b>39 660 855</b>	<b>10 539</b>	<b>39 671 394</b>	
Balance at 1 January 2020, as previously reported	17 070 716	1 966 047	(10 623)	2 796 578	12 502 431	34 325 149	14 904	34 340 053	
<b>Total comprehensive income for the period</b>									
Profit for the period	-	-	-	-	1 486 205	1 486 205	2 488	1 488 693	
Other comprehensive income for the period	-	-	5 901	-	-	5 901	-	5 901	
<b>Total comprehensive income</b>	-	-	5 901	-	1 486 205	1 492 106	2 488	1 494 594	
<b>Transactions with owners of the company</b>									
<b>Contributions and distribution</b>									
Transferred to reserves	-	274 849	-	-	(274 849)	-	-	-	
Dividends	-	-	-	-	(426 768)	(426 768)	(5 515)	(432 283)	
Restatements on retained earnings in associates	-	-	-	-	8 089	8 089	-	8 089	
Excluded of landing & building	-	-	-	(9 028)	-	(9 028)	-	(9 028)	
<b>Total transactions with owners of the company</b>	-	274 849	-	(9 028)	(693 528)	(427 707)	(5 515)	(433 222)	
<b>Balance as at 30 June 2020</b>	<b>17 070 716</b>	<b>2 240 896</b>	<b>(4 722)</b>	<b>2 787 550</b>	<b>13 295 108</b>	<b>35 389 548</b>	<b>11 877</b>	<b>35 401 425</b>	

The notes on pages 6 to 23 are an integral part of these condensed consolidated interim financial statements.

**Telecom Egypt Company**  
**Condensed consolidated statement of cash flows**

For the six months ended 30 June

In thousands of Egyptian Pound	<u>Note</u>	2021	2020 Reclassified
<b>Cash flows from operating activities</b>			
Cash receipts from customers		19 091 232	14 615 458
Value added tax collected from customers		342 653	234 250
Stamp tax and fees collected (from third party)		50 332	32 125
Deposits collected from customers		18 382	933
Cash paid to suppliers		(3 621 979)	(3 573 376)
Payments of NTRA license fees		(1 183 164)	( 774 280)
Dividends paid to employees and board of directors		( 43 669)	( 64 930)
Cash paid to employees and board of directors		(2 908 006)	(2 865 519)
Cash paid on behalf of employees to third party		( 554 795)	( 508 864)
Interest paid		( 611 349)	( 439 143)
Payments to Tax Authority - income tax		( 564 702)	( 89 437)
Payments to Tax Authority - value added tax		( 950 234)	( 758 843)
Payments to Tax Authority - other taxes		(1 139 110)	( 950 038)
Other proceeds (payments)		400 505	( 199 983)
<b>Net cash provided by operating activities</b>		<b>8 326 096</b>	<b>4 658 353</b>
<b>Cash flows from investing activities</b>			
Payments for purchase of property, plant and equipment and intangible assets		(6 028 406)	(5 380 738)
Payments for purchase of intangible assets		(2 453 622)	( 73 307)
Proceeds from sale of property, plant and equipment and intangible assets		193	11
Paid for lease contract		( 121 699)	-
Payments for acquisition of investments		-	( 9 462)
Payments for purchase of held-to-maturity investment - treasury bills		-	( 9 566)
Proceeds from sale of investments		-	25 795
Interest received		7 484	18 940
Dividends of profit collected from investments		810 018	176 031
Proceeds from income of securities (treasury bills - mutual fund)		1 070	12 008
<b>Net cash used in investing activities</b>		<b>(7 784 962)</b>	<b>(5 240 288)</b>
<b>Cash flows from financing activities</b>			
Payments for loans and other facilities		( 707 552)	( 733 634)
Proceeds from loans and other facilities		780 084	2 066 252
Dividends paid to shareholders		(1 287 432)	( 627 021)
<b>Net cash (used in) provided by financing activities</b>		<b>(1 214 900)</b>	<b>705 597</b>
<b>Net change in cash and cash equivalents</b>		<b>( 673 766)</b>	<b>123 662</b>
Cash and cash equivalents at 1 January	16	1 936 943	1 311 391
Effect of movements in exchange rate on cash held		( 3 001)	( 7 082)
<b>Cash and cash equivalents at 30 June</b>	16	<b>1 260 176</b>	<b>1 427 971</b>

The notes on pages 6 to 23 are an integral part of these condensed consolidated interim financial statements.



## 1. Reporting entity

- 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 condensed consolidated interim financial statements of the Company for the period ended June 30, 2021 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates and jointly controlled entities.
- 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 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 London Stock Exchange.

## 2. Basis of preparation

### a. *Basis of accounting*

- These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2020 ('last annual financial statements'). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.
- These condensed consolidated interim financial statements were authorized for issuance by the Company's Board of Directors on October 13, 2021.

### b. *Use of judgements and estimates*

In preparing these condensed consolidated interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.



**C. Measurement of fair values**

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the group audit committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

**D. Functional and presentation currency**

These condensed consolidated financial statements are presented in Egyptian Pound (LE), which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

**E. Significant Accounting policies**

The accounting policies used in the preparation of this condensed consolidated interim financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, and the notes attached thereto, except for the adoption of certain new and revised standards, that became effective in the current period as set out below and as disclosed in Note F.1.

**F. Changes to significant accounting policies**

**1. New and amended standards adopted by the Group**

A number of new or amended standards became applicable for the current reporting period, and the Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021:

- Amendments regarding the classification of liabilities
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods on the Group's financial statements.

**2. Impact of new standards (issued but not yet adopted by the Group)**

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period and have not been adopted by the Group. The management of the Group is in the process of assessing the impact of these new standards, interpretation and amendments which will be adopted in the Group's financial statement as and when they are applicable.

Notes to the condensed consolidated interim financial statements Prepared in accordance with (IFRSs)  
For The Six Months Ended June 30, 2021 (continued)

### 3. Segment reporting

Operating activities related to the company 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.

#### For the six months ended June 30,2021

Description	Communications, marine cables and infrastructure	Internet	Outsourcing	All other	Total
	L.E. (000)	L.E. (000)	L.E. (000)	L.E. (000)	L.E. (000)
Revenue	9 403 198	6 740 345	737 493	491 945	17 372 981
Operating costs	( 8 415 804)	( 862 227)	( 639 221)	( 472 856)	( 10 390 108)
<b>Gross profit</b>	<b>987 394</b>	<b>5 878 118</b>	<b>98 272</b>	<b>19 089</b>	<b>6 982 873</b>
Credit interest	6 222	1 530	927	1 582	10 261
Debit interest and Finance cost	( 709 118)	-	-	( 2 955)	( 712 073)
Depreciation and amortization	( 2 560 928)	( 158 288)	( 39 735)	( 4 622)	( 2 763 573)
share of profit of equity-accounted investees, net of tax	-	-	-	1 467 107	1 467 107
<b>Non cash items</b>					
Impairment loss on financial assets	( 59 337)	( 54 352)	-	-	( 113 689)
Provisions	( 180 066)	-	-	-	( 180 066)
<b>Total assets</b>	<b>81 816 303</b>	<b>3 393 986</b>	<b>658 701</b>	<b>363 887</b>	<b>86 232 877</b>
<b>Total liabilities</b>	<b>42 791 294</b>	<b>2 263 677</b>	<b>353 020</b>	<b>1 153 492</b>	<b>46 561 483</b>

#### For the six months ended June 30,2020

Description	Communications, marine cables and infrastructure	Internet	Outsourcing	All other	Total
	L.E. (000)	L.E. (000)	L.E. (000)	L.E. (000)	L.E. (000)
Revenue	8 917 803	5 157 854	456 043	300 111	14 831 811
Operating costs*	( 8 029 668)	( 644 603)	( 375 971)	( 287 606)	( 9 337 848)
<b>Gross profit</b>	<b>888 135</b>	<b>4 513 251</b>	<b>80 072</b>	<b>12 505</b>	<b>5 493 963</b>
Credit interest	10 106	11 355	999	5 048	27 508
Debit interest and Finance cost	( 908 446)	-	-	( 1 547)	( 909 993)
Depreciation and amortization*	( 2 200 864)	( 118 737)	( 24 874)	( 2 112)	( 2 346 587)
share of profit of equity-accounted investees, net of tax	-	-	-	957 545	957 545
<b>Non cash items</b>					
Reversal of Impairment on financial assets	( 145 502)	( 41 896)	-	-	( 187 398)
Provisions	( 75 083)	( 87 200)	( 8 407)	-	( 170 690)
<b>Total assets</b>	<b>72 552 835</b>	<b>3 036 142</b>	<b>544 818</b>	<b>491 103</b>	<b>76 624 898</b>
<b>Total liabilities</b>	<b>38 249 920</b>	<b>1 960 699</b>	<b>280 885</b>	<b>793 087</b>	<b>41 284 591</b>

\* Reclassification was made to the comparative figures as shown in note no . (29-1)



#### 4. SIGNIFICANT EVENTS

The financial period ended on June 30, 2021, included a major global event through outbreak Coronavirus (Covid-19) which advocated the company to take into consideration with performing the precautionary measures to protect its employees and customers from the risk of spreading the virus, the Group'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 group's companies 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 disease. And provide the functions of prevention especially the employees that relate directly with the clients.

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

With the availability for all electronic means of payments through Telecom Egypt website or the electronic wallet (WE Pay).

##### **Third: 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 counselling the Egyptian general public with the main risks of coronavirus pandemic.

##### **The main risks that defined by crisis management team and approved by the compan as following :**

###### 1- The risks of collection, deposit and credit liquidity

- The company collects debts from its clients normally, and studying the impairment of customer balance according to the requirements of the Egyptian Accounting Standards.
- The company has a financial position heavy and balanced 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 a decrease shall require written.

###### 3- Selling and distribution risks

Telecom Egypt Group achieved growth in the period revenue compared to the comparable period units 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 financial statements, for The Six Months ended June 30, 2021 as well as during the subsequent periods of that date.



## 5. Revenues

In thousands of Egyptian Pound	For the six months ended 30 June		For the three months ended 30 June	
	2021	2020	2021	2020
Home and personal communications	8 629 112	6 645 982	4 438 213	3 515 094
Enterprise	2 321 351	1 918 204	1 192 522	1 131 950
Domestic wholesale	2 695 893	2 562 047	1 331 760	1 314 184
International carrier	2 149 210	2 268 034	1 099 242	1 132 230
International cables and networks	1 577 415	1 437 544	912 163	734 479
	<b>17 372 981</b>	<b>14 831 811</b>	<b>8 973 900</b>	<b>7 827 937</b>

Revenues increased by an amount of L.E. 2 541 170 K mainly due to the increase in home and personal communications revenues by an amount of L.E. 1 983 130 K due to the increase in revenues resulting from internet services, fixed line services and mobile phone services, in addition to the increase in Enterprise revenues by an amount of L.E. 403 147 K, and the increase in Domestic Wholesale revenue by an amount of L.E. 133 846 K, however the decrease in International carrier revenue by an amount of L.E. 118 824 K led to the limitation of this increase.

## 6. Operating costs

In thousands of Egyptian Pound	For the six months ended 30 June		For the three months ended 30 June	
	2021	2020	2021	2020
		<b>Reclassified</b>		<b>Reclassified</b>
Interconnection cost	2 967 310	2 798 620	1 533 250	1 428 693
Property, plant and equipment depreciation*	2 287 697	1 895 253	1 207 974	975 945
Amortization of intangible assets	404 696	392 217	339 344	194 181
Salaries and wages	1 401 012	1 390 844	692 101	694 120
Company's social insurance contribution	154 488	154 001	73 416	77 400
Employee's compensated absence	9 660	5 540	4 371	2 797
Employees' share in profit	180 315	181 790	89 598	87 117
Frequencies and licenses	643 494	481 406	329 448	244 201
Other operating costs	2 341 436	2 038 177	1 196 940	1 238 556
	<b>10 390 108</b>	<b>9 337 848</b>	<b>5 466 442</b>	<b>4 943 010</b>

Operating costs have increased by an amount of L.E. 1 052 260 K mainly due to the following: -

- The increase of interconnection cost by an amount of L.E. 168 690 K which is mainly due to the increase in cost of international connection fees and national roaming fees.
- The increase in Property, plant and equipment depreciation and amortization of intangible assets by an amount of L.E. 404 923 K due to the additions of the last year after the first half of the year and the current period.
- The increase in Frequencies and licenses item by an amount of L.E. 162 088 K.

\* Reclassification was made to the comparative figures as shown in note no. (29 - 1).

### 7. Selling and distribution expenses

In thousands of Egyptian Pound	For the six months ended 30 June		For the three months ended 30 June	
	2021	2020 Reclassified	2021	2020 Reclassified
Salaries & wages	643 824	567 241	340 816	287 959
Company's social insurance contribution	70 488	54 847	37 002	27 880
Employees' compensated absence	15 319	12 637	6 472	6 443
Employees' share in profit	77 071	74 141	38 296	36 191
Property, plant & equipment depreciation*	4 120	3 712	2 106	1 841
Amortization of intangible assets	18 740	1 442	13 991	721
Advertising and marketing	392 489	404 600	205 808	206 074
Other selling and distribution expenses*	430 596	411 183	243 836	156 753
	<b>1 652 647</b>	<b>1 529 803</b>	<b>888 327</b>	<b>723 862</b>

The increase in selling and distribution expenses by an amount of L.E 122 844 K mainly due to the increase in salaries and wages item by an amount of L.E. 76 583 K, company's social insurance contribution item by an amount of L.E 15 641 K and amortization of intangible assets item by amount of L.E. 17 298 K and other selling and distribution expenses by an amount of L.E. 19 413 K.

\* Reclassification was made to the comparative figures as shown in note no. (29 - 1).

### 8. Administrative expenses

In thousands of Egyptian Pound	Note.	For the six months ended 30 June		For the three months ended 30 June	
		2021	2020 Reclassified	2021	2020 Reclassified
Salaries & wages		1 063 276	1 060 414	558 067	549 299
Company's social insurance contribution		90 695	75 429	45 823	37 845
Employees' compensated absence		7 812	7 238	4 031	1 362
Early retirement compensations	(9-1)	-	1 672	-	-
End of service benefits	(9-2)	100 000	90 000	50 000	45 000
Employees' & BOD share in profit		139 208	146 500	68 453	73 100
Property, plant & equipment depreciation		43 903	52 570	29 107	29 352
Amortization of intangible assets		4 417	1 393	885	697
Other administration expenses*		312 314	281 089	158 628	144 271
		<b>1 761 625</b>	<b>1 716 305</b>	<b>914 994</b>	<b>880 926</b>

The increase in administrative expenses by an amount of L.E. 45 320 K is mainly due to the increase in salaries and wages item by an amount of L.E 2 862 K and other administration expenses by an amount of L.E. 31 225 K.

\* Reclassification was made to the comparative figures as shown in note no. (29 - 1).



## **9. EMPLOYEES' BENEFITS**

### **9-1 Early retirement scheme (Telecom Egypt)**

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

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 said 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 said 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 46 186 K in June 30, 2021.

### **9-2 End of service benefits (the company's contribution in loyalty and 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, 2015 increasing annually at a compound rate of 5%. The subscription for employees hired after January 1, 2015 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 100 000 K for the period ended in June 30, 2021 (against an amount of L.E. 90 000 K for the same period of 2020) stated in the general and administrative expenses as shown in (Note no. 8).



### 10. Net finance cost

In thousands of Egyptian Pound	For the six months ended 30 June		For the three months ended 30 June	
	2021	2020	2021	2020
Finance income	380 941	33 353	13 859	16 919
Finance costs	(712 073)	(909 993)	(347 089)	(927 383)
<b>Net finance cost</b>	<b>(331 132)</b>	<b>(876 640)</b>	<b>(333 230)</b>	<b>(910 464)</b>

The decrease in net finance cost by an amount of L.E 545 508 K during the period is mainly due to the increase in finance income by an amount of L.E 347 588 K and the decrease in Finance costs of deferred payments cost by an amount of L.E 197 920 K.

### 11. Property, plant and equipment

Description	30/6/2021	30/6/2020	30/6/2021	30/6/2020	30/6/2021	30/6/2020	31/12/2020
	Cost	Cost	Accumulated depreciation	Accumulated depreciation	Net	Net	Net
	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>
Land,Buildings & Infrastructure	40 886 444	36 710 214	17 691 166	16 445 339	23 195 278	20 264 875	22 809 022
Technical equipments & information technologies	36 475 218	34 260 219	20 858 049	21 880 997	15 617 169	12 379 222	14 753 809
Vehicles	303 576	227 892	159 972	158 052	143 604	69 840	115 391
Office furniture & fixtures	1 412 894	1 253 531	1 056 761	930 598	356 133	322 933	362 277
Tools & supplies	226 388	204 775	129 109	107 524	97 279	97 251	100 070
Under construction	7 595 832	4 493 587	-	-	7 595 832	4 493 587	6 034 475
<b>Total</b>	<b>86 900 352</b>	<b>77 150 218</b>	<b>39 895 057</b>	<b>39 522 510</b>	<b>47 005 295</b>	<b>37 627 708</b>	<b>44 175 044</b>

- The increase in net carrying value of Property, plant and equipment mainly due to the additions during the period by an amount of L.E. 3 663 288 K, however the depreciation of the period by an amount of L.E. 2 335 720 K led to limitation of this increase.
- The cost of fixed assets as of June 30, 2021 includes an amount of L.E. 18 391 Million fully depreciated fixed assets and still in use.

## 12. Intangible assets

	30/6/2021	31/12/2020	30/6/2020
	L.E. (000)	L.E. (000)	L.E. (000)
<b>Cost</b>			
Fourth generation network license	8 633 330	8 633 330	8 633 330
Right of Use (Projects)	73 058	-	-
Submarine Cables (right of way)	2 126 307	2 093 481	2 085 534
Right of Use (ROU)	886 747	899 335	882 233
License (internet service - software )	127 229	127 239	127 207
Land (possession-usufruct)	440 684	440 684	440 684
Under construction	515 035	547 625	217 083
Lease ROU	951 951	855 054	676 788
Goodwill	15 839	15 839	15 839
	<b>13 770 180</b>	<b>13 612 587</b>	<b>13 078 698</b>
<b>Less:</b>			
Accumulated amortization and impairment	3 480 486	3 060 682	2 696 231
<b>Net intangible assets</b>	<b>10 289 694</b>	<b>10 551 905</b>	<b>10 382 467</b>

- The decrease in net carrying value of intangible assets mainly due to the increase in amortization during the period by an amount of L.E. 427 853 K, however the increase in the under-construction item by an amount of L.E. 297 952 K and lease ROU item by an amount of L.E. 275 163 K led to the limitation of this decrease.
- Intangible assets cost includes at June 30, 2021 an amount of L.E. 272 million, fully amortized intangible assets and still in use.

## 13. Equity-accounted investees

In thousands of Egyptian Pound	Ownership		Carrying amount	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Wataneya for Telecommunication	50.00%	50.00%	-	-
Vodafone Egypt. (SAE)*	44.95%	44.95%	9 239 846	12 269 190
Egypt Trust **	35.71%	35.71%	-	-
New matrix for technology	25.50%	25.50%	3 127	1 250
Total			9 242 973	12 270 440

- Investment in Wataneya for Telecommunication amounted to LE 125 K is fully impaired.
- Investment in International Telecommunication Consortium Limited (ITCL) amounted to LE 54 K is fully impaired.
- Investment in Egypt Trust amounted to LE 7 500 k is fully impaired.
- Investment in Consortium Algerien de Telecommunications (CAT) amounted to LE 133 K is shown a nil balance as the Company sustained losses that exceed the investment's carrying amount.

### \* Investment in Vodafone – Egypt

The investments in Vodafone Egypt on June 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 June 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 June 30, 2021 based on Vodafone Egypt's consolidated interim financial statements on June 30, 2021 to determine the share of financial period from January 1 to June 30, 2021 of business results.

#### \*\* Egypt Trust

The balance is represented in Subscription of the remaining 25% of the company's share in Egypt Trust capital after deduction the company's share in the associates accumulated losses, the commercial registration related to in process.

#### 14. Inventories

In thousands of Egyptian Pound	30 June 2021	31 December 2020
Spare parts	1 188 690	1 171 477
Merchandise for sale telecommunication equipment and computers	522 559	221 393
Project cables and supplies	459 876	534 697
Others	327 013	164 675
	<b>2 498 138</b>	<b>2 092 242</b>

The value of inventories was written down by an amount of L.E. 93 549 K (against decrease of LE 16 351 K as at December 31, 2020) for obsolete and slow-moving items directly deducted from the cost of each type of inventory.



### 15. Trade and other receivables

In thousands of Egyptian Pound	30 June 2021	31 December 2020
Trade receivables - National	3 678 832	2 870 924
Trade receivables - International	3 072 193	3 901 085
Notes Receivable	13	7
<b>Other trade and notes receivable</b>	<b>6 751 038</b>	<b>6 772 016</b>
suppliers- debit balances	1 198 798	984 539
Deposits with others	292 675	283 411
Due from ministries & organizations and companies and franchises	489 583	887 114
Payments on the account of corporate tax	112 843	175 563
Tax authority - withholding tax	1 011 759	896 466
Tax authority - value added tax	1 196 700	1 608 903
Other receivables	4 484 328	1 002 151
<b>Other receivables and pre-payments</b>	<b>8 786 686</b>	<b>5 838 147</b>
<b>Total</b>	<b>15 537 724</b>	<b>12 610 163</b>

Trade and other receivables have increased by an amount of L.E. 2 927 561 K mainly due to the increase in Trade receivables – National item by an amount of L.E. 807 908 K, suppliers- debit balances item by an amount of L.E. 214 259 K and Tax authority – withholding tax item by an amount of L.E. 115 293 K, however the decrease in Trade receivables - International by an amount of L.E. 828 892 K led to the limitation of this increase.

### 16. Cash and cash equivalents

In thousands of Egyptian Pound	Note	30 June 2021	31 December 2020	30 June 2020
Bank balances		923 013	659 812	931 949
Time deposits ( less than 3 months)		248 616	1 205 037	462 423
Cash on hand		10 367	4 373	14 075
Treasury bills ( less than 3 months)		34 826	55 982	33 482
Money market funds ( less than 3 months)		111 288	78 228	103 296
<b>Cash and cash equivalents</b>		<b>1 328 110</b>	<b>2 003 432</b>	<b>1 545 225</b>
Restricted Cash	24	( 67 934)	( 66 489)	( 117 254)
<b>Cash and cash equivalents in the statement of cash flows</b>		<b>1 260 176</b>	<b>1 936 943</b>	<b>1 427 971</b>

## 17. Capital and reserves

### Share capital

The Company's issued and fully paid-up capital amounted to LE 17 070 716 K represented in 1 707 071 600 shares of par value LE 10.

In December 2005, the share capital ownership became as follows; 80% the Egyptian Government and 20% private investors.

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

### Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the Company, as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

## 18. Earnings per share

### Basic and diluted earnings per share

The calculation of basic and diluted earnings per share at June 30, 2021 based on the profit attributable to owners of the company of L.E. 3 326 714 K (June 30, 2020 L.E. 1 486 205 K) and a number of ordinary shares outstanding during the period ended June 30, 2021 of 1 707 071 600 (June 30, 2020: 1 707 071 600), calculated as follows:

In thousands of Egyptian Pound	For the six months ended 30 June		For the three months ended 30 June	
	2021	2020	2021	2020
Profit for the period	3 327 532	1 488 693	1 451 912	500 128
Profit attributable to owners of the company	3 326 714	1 486 205	1 451 950	498 444
<b>Number of ordinary shares</b>				
In thousands				
	2021	2020	2021	2020
Issued ordinary shares at 1 January	1 707 072	1 707 072	1 707 072	1 707 072
Number of ordinary shares at 30 June	1 707 072	1 707 072	1 707 072	1 707 072
Basic earnings per share (L.E./share)	1.95	0.87	0.85	0.29
Diluted earnings per share (L.E./share)	1.95	0.87	0.85	0.29

## 19. Loans and credit facilities

- The increase in the balance of loans and credit facilities by an amount of L.E. 20 486 K mainly resulting from proceeds of loans and credit facilities with local and foreign currencies amounted to L.E. 1 782 248 K, where loans and credit facilities with local and foreign currencies in June, 30 2021 amounted to L.E. 20 307 868 K (against L.20 287 382 K at December 31, 2020) due within a year by an amount of L.E. 17 781 606 K, including credit facilities by an amount of L.E. 16 333 415 K.



## 20. Trade and other payables

In thousands of Egyptian Pound	30 June 2021	31 December 2020
Local suppliers	1 801 682	2 133 255
Notes payable	17 961	17 961
Accrued expenses	907 768	957 436
Assets creditors	9 499 344	11 102 296
Due to organizations and companies	254 646	374 658
<b>Trade payables</b>	<b>12 481 401</b>	<b>14 585 606</b>
Tax Authority - income tax	976 146	689 922
Tax Authority ( taxes other than income tax )	733 664	373 670
Deposits from others	538 706	538 467
Customers advances	1 776 719	973 138
Dividends payable	5 011	3 763
Liabilities of early retirement scheme	46 186	67 140
Due to National Telecommunication Reguleatory Authority (NTRA)	566 399	1 001 733
Lease liabilities	692 113	660 289
Other credit balances	908 276	842 513
<b>Other payables</b>	<b>6 243 220</b>	<b>5 150 635</b>
	<b>18 724 621</b>	<b>19 736 241</b>
<b>Non current</b>	<b>6 030 210</b>	<b>5 482 961</b>
<b>Current</b>	<b>12 694 411</b>	<b>14 253 280</b>
<b>Total</b>	<b>18 724 621</b>	<b>19 736 241</b>

Trade and other payables have decrease by an amount of L.E. 1 011 620 K mainly due to the decrease in assets creditors item by an amount of L.E.1 602 952 K, local suppliers item by an amount of L.E. 331 573 K, due to NTRA by an amount of L.E. 435 334 K and due to organizations and companies item by an amount of L.E. 120 012 K, however the increase in customers advances item by an amount of L.E. 803 581 K, Tax Authority (taxes other than incom tax) by an amount of L.E. 359 994 K and Tax Authority – income tax item by an amount of L.E. 286 224 K led to the limitation of this increase.

## 21. Provisions

In thousands of Egyptian Pound	30 June 2021 Provision for liabilities	31 December 2020 Provision for liabilities, Claims	30 June 2020 Provision for liabilities, Claims
Balance at 1 January	1 102 476	772 610	772 610
Reclassification	229 343	-	24 462
Provisions formed	60 000	362 553	170 694
Provisions used	( 16 039)	( 32 693)	( 7 419)
Provisions no longer required	( 240 066)	-	-
Translation differences	-	6	( 88)
Balance at end of the period / year	<b>1 135 714</b>	<b>1 102 476</b>	<b>960 259</b>

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



## 22. Deferred tax

### Recognized deferred tax assets and liabilities

	<u>30/6/2021</u>		<u>31/12/2020</u>	
	Assets <u>L.E.(000)</u>	Liabilities <u>L.E.(000)</u>	Assets <u>L.E.(000)</u>	Liabilities <u>L.E.(000)</u>
Total deferred tax asset / (liability)	205 498	(2 626 344)	131 959	(2 371 968)
Net deferred tax liability	-	<u>(2 420 846)</u>	-	<u>(2 240 009)</u>
Deferred tax charged to income statement for the period / year		<u>(180 837)</u>		<u>(995 104)</u>

### Unrecognized deferred tax assets

	<u>30/6/2021</u> <u>L.E.(000)</u>	<u>31/12/2020</u> <u>L.E.(000)</u>
Unrecognized deferred tax assets	<u>581 112</u>	<u>518 869</u>

Deferred tax assets have not been recognized in respect of the above items because there is no reasonable certainty concerning the company's ability to use the benefits in the future from these assets.

## 23. Capital commitments

The group's capital commitments for the unexecuted parts of contracts up to June 30, 2021 amounted to L.E 583 Million (against L.E. 274 Million up to December 31, 2020).

## 24. Contingencies

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

In thousands of Egyptian Pounds	<u>30 June 2021</u>	<u>31 December 2020</u>
Letters of guarantee issued by banks on behalf of the Group	2 641 821	2 008 421
Letters of credit	1 517 264	1 773 804

## **25. TAX POSITION (Telecom Egypt Company)**

### **25- 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.

### **25- 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 provides request to over ride it according to law No. 173 for the 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.

### **25- 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 and the disputes is being followed up.
- Tax inspection for the years 2015 and 2016 is in process.

### **25- 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 apealed 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.

### **25- 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.

## 26. Related parties

### Identity of related parties

The Group has a relationship with its associate Vodafone Egypt and Consortium Algerian de Telecommunications (CAT).

### Transaction with Associates

During the financial period ended June 30, 2021, fixed to mobile interconnection, audio text fees and sale of products and services in favor of Vodafone Egypt LE 844 883 K. Lease of company's premises and towers in favor of the group, transmission and international calls and telecommunication services amounted to L.E. 721 139 K and the balance due to Vodafone Egypt at June 30, 2021 amounted to LE 574 438 K.

## 27. Group entities

TE direct and indirect share in subsidiaries companies on June 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>30/6/2021</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 %
Centra Distribution	Egypt	99.99 %	99.99 %
Middle East Radio Communication (MERC)	Egypt	51.00 %	51.00 %



## 28. 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 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 claim that the 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 28 May 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 August 17,2021 the session has been determined to consider before another experts committee.

**The legal advisor of the TE’s 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 and to prepare the legal response to the tripartite committee decision and submit it to the court and will ask the court to return the file back to the committee.

## 29. Comparative figures

- Reclassification was made to some of the comparative figures of the condensed consolidated statement of profit or loss and other comprehensive income and the condensed consolidated statement of cash flows 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:

### 29.1 Effect on the condensed consolidated statement of profit or loss and other comprehensive income:

	<u>For the six months ended</u>		<u>For the six months ended</u>		<u>For the three months ended</u>		<u>For the three months ended</u>	
	<u>30/6/2020</u>	<u>Reclassification</u>	<u>30/6/2020</u>	<u>30/6/2020</u>	<u>Reclassification</u>	<u>30/6/2020</u>	<u>30/6/2020</u>	
	<u>as previously</u>	<u>(debit) / credit</u>	<u>Reclassified</u>	<u>as previously</u>	<u>(debit) / credit</u>	<u>Reclassified</u>	<u>Reclassified</u>	
	<u>reported</u>			<u>reported</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>	<u>LE(000)</u>	
Operating costs	(9 269 927)	( 67 921)	(9 337 848)	(4 902 551)	( 40 459)	(4 943 010)	(4 943 010)	
Selling and distribution expenses	(1 565 458)	35 655	(1 529 803)	( 749 734)	25 872	( 723 862)	( 723 862)	
General and administrative expenses	(1 748 571)	32 266	(1 716 305)	( 895 513)	14 587	( 880 926)	( 880 926)	

### 29.2 Effect on the condensed consolidated statement of cash flows:

	<u>For the six months ended</u>		<u>For the six months ended</u>	
	<u>30/6/2020</u>	<u>Reclassification</u>	<u>30/6/2020</u>	<u>30/6/2020</u>
	<u>as previously</u>		<u>Reclassified</u>	
	<u>reported</u>			
	<u>LE(000)</u>	<u>LE(000)</u>	<u>LE(000)</u>	<u>LE(000)</u>
Cash receipts from customers	15 512 586	( 897 128)	14 615 458	14 615 458
Cash paid to suppliers	(4 470 504)	897 128	(3 573 376)	(3 573 376)