telecomegypt®

WE

STEERING
THE MOMENTUM

INTEGRATED
ANNUAL
REPORT
2021

FORWARD LOOKING STATEMENTS

This annual report has been prepared by TE and is intended for informational purposes only. The information contained in this document has not been independently verified. This document contains statements related to our future business and financial performance and future events or developments involving Telecom Egypt that may constitute forward-looking statements. Such statements are based on the current expectations and certain assumptions of Telecom Egypt's management, of which many are beyond Telecom Egypt's control. Such assumptions are subject to a number of risks and uncertainties. Should any of these risks or uncertainties materialize, or should underlying expectations not occur or assumptions prove incorrect, actual results may (negatively or positively) vary materially from those described explicitly or implicitly in the relevant forward-looking statement. Telecom Egypt neither intends, nor assumes any obligation to update or revise these forward-looking statements in light of developments, which differ from those anticipated. This document does not constitute an offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any shares of the company and neither it nor any part of it shall form the basis of, or be relied upon in connection with, any contract or commitment whatsoever. This annual report (or any part of it) may not be reproduced or redistributed, passed on, or the contents otherwise divulged, directly or indirectly, to any other person or published in whole or in part for any purpose without the prior written consent of the company.

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THE YEAR AT A GLANCE

Key highlights 2021

37.1bn EGP

Revenues

36%

Data revenue CAGR 2017-2021

14.2 bn EGP

EBITDA

8.4 bn EGP

Net profit

0.9 x

Net debt to EBITDA

10.1 bn EGP

In-Service CAPEX

43.7 k

TE average
group headcount

CHAIRMAN'S
MESSAGE

The pandemic bottleneck, or how we describe 2021 after the world began absorbing the full effect of the COVID-19, was an opportunity for Telecom Egypt to prove its strength in the ICT sector and show its ability in turning the pandemic and external threats into opportunities to accelerate development.

Telecom Egypt continued to work on strengthening Egypt's internet backbone during the year by completing the replacement of copper with fiberoptic cables a project, which began back in 2014 to fulfil the high data demand of Egypt's youth that make up more than 60% of the population. We also followed suite with expansions of our international footprint to accommodate the regional demand. We also continued being the number one choice when it comes to digitizing governmental entities and providing connectivity solutions for education and health services. Additionally, we kicked off the first phase of the Hayat Karima phase one project this year, targeting to connect 1,400 underserviced villages with fiber-to-the-home (FTTH) technology.

Moving forward, we are focusing more on sustainability challenges in order to remain an ideal influencer in the community, as we feel that having a high standard ESG policy is best practice for the company and will make a significant contribution to a better society.

To sum up, I am very proud of what we achieved during the year, operationally and financially, with all the challenges and uncertainty all over the world. I would also like to pay tribute to the employees and management for the great efforts made through the year, and look forward for more achievements and accomplishments in the upcoming years.

Magued Osman
CHAIRMAN

CEO'S
MESSAGE

It has been a remarkable year for us at Telecom Egypt. This year we managed to reach financial and operational excellence, as clearly seen in the strong growth across the P&L from revenue to earnings through several cost containment initiatives and debt deleveraging, which lowered the interest expense.

We ended the year with a 16% YoY increase in our top line, thanks to the improved revenue mix and more specifically the 30% hike in data revenue. Thus, and in line with our cost cutting achievements of lower advertisement and call costs as a percentage of revenue, EBITDA enhanced by 28% YoY, with an outstanding margin of 38%. All of this helped us hit a record high net profit of EGP 8.4bn. Proudly speaking, we managed to recognize EGP 3bn of organic free cash flow after excluding Vodafone's special dividends of EGP 4bn. The credit goes to the enhanced margins and fruitful KPIs.

Advantageously, the modified shareholders agreement with Vodafone Egypt helped us continue to deleverage and decrease our cost of debt by utilizing the received dividends alongside our higher operating cash flows. The modified agreement also gave us a clear vision of our investments and the expected returns moving forward.

Shedding light on our strong local and regional presence, it is fair to say we have accomplished this through our different product offerings, system upgrades and ability to capitalize on our distinctive infrastructure. We also continued our strong contribution to Egypt's digitalization strategy, in line with the country's 2030 vision. Our target of becoming the leading ICT provider and transforming Egypt into a premium digital hub is getting closer and more attainable, backed by our strong human capital and advanced network capabilities, and supported by our investments in new technologies that serve the increasing data demand. Moving forward, we plan to diversify our investments to include our mobile network, data centers, and internal system upgrades to grow our service portfolio and enhance customer experience. I believe such plans, coupled with the deleveraging strategy, capex rationalization efforts, higher cash flows and certainty on dividends from Vodafone will support us in maximizing shareholder value.

Adel Hamed
CEO

CHAPTER ONE

PLANNING AHEAD

Best plans come from the highest vantage points

1

MACROECONOMIC INDICATORS

A FERTILE MARKET LANDSCAPE

POPULATION (MN)

96.2
98.2
99.8
101.4
102.8

2017   2018   2019   2020   2021
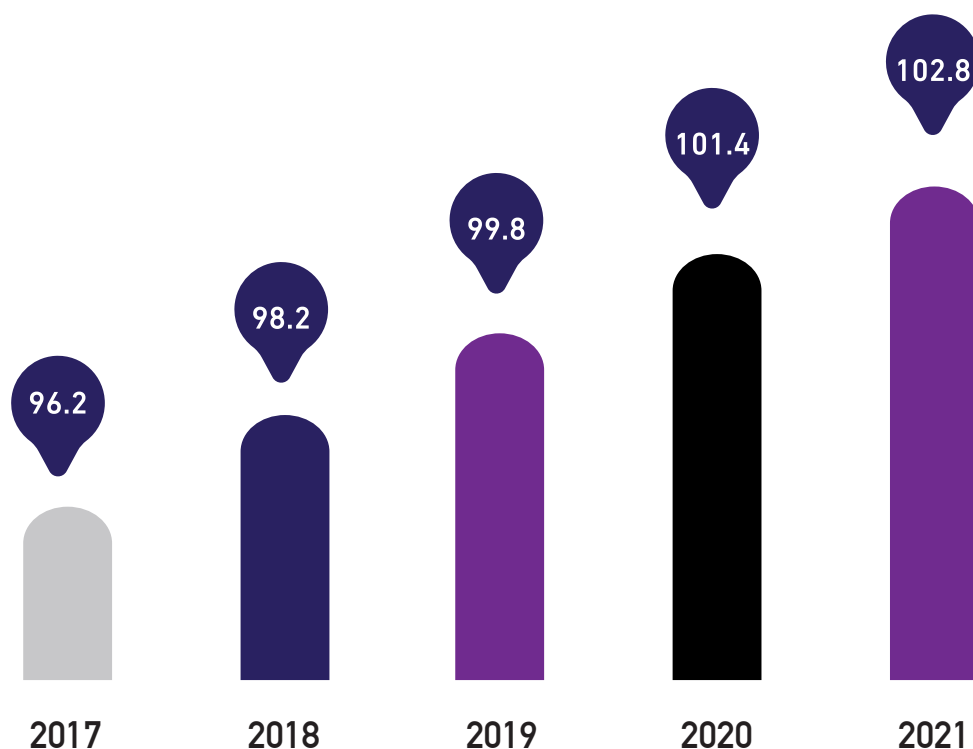
Source: CAPMAS 2020 census

REAL GDP GROWTH (%)
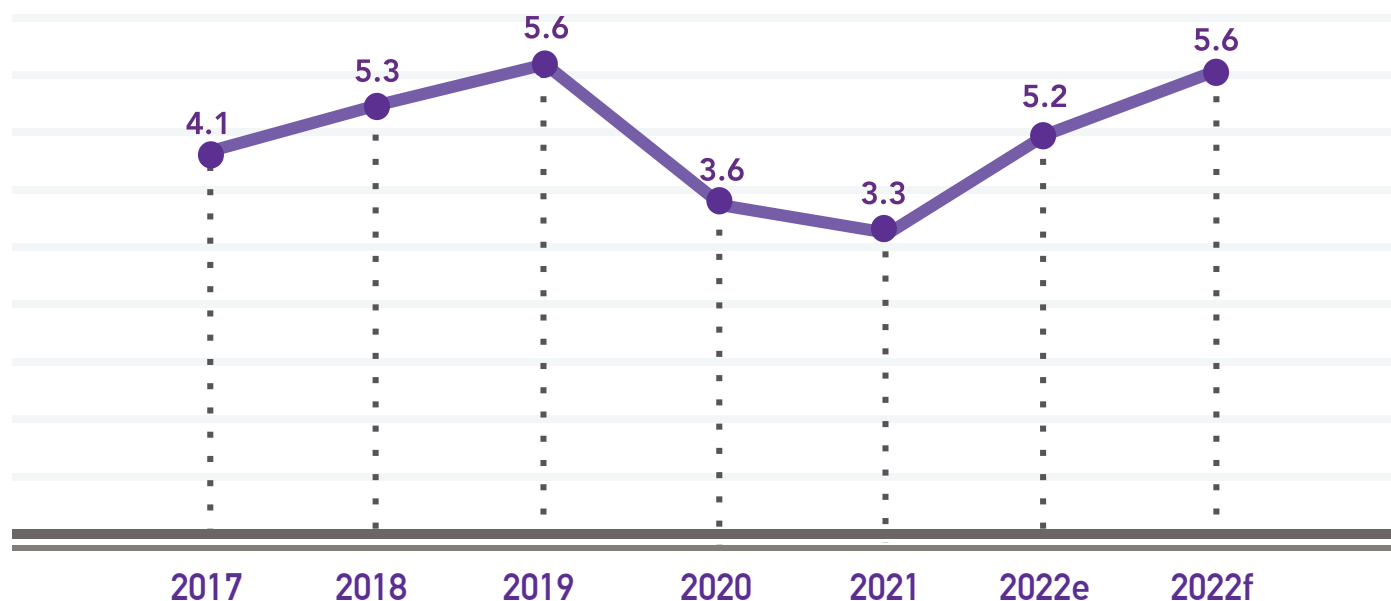
* 2020 and 2021 growth forecasts were 5.9% and 6%, respectively, preceding the Covid-19 pandemic
Source: IMF

UNEMPLOYMENT RATE
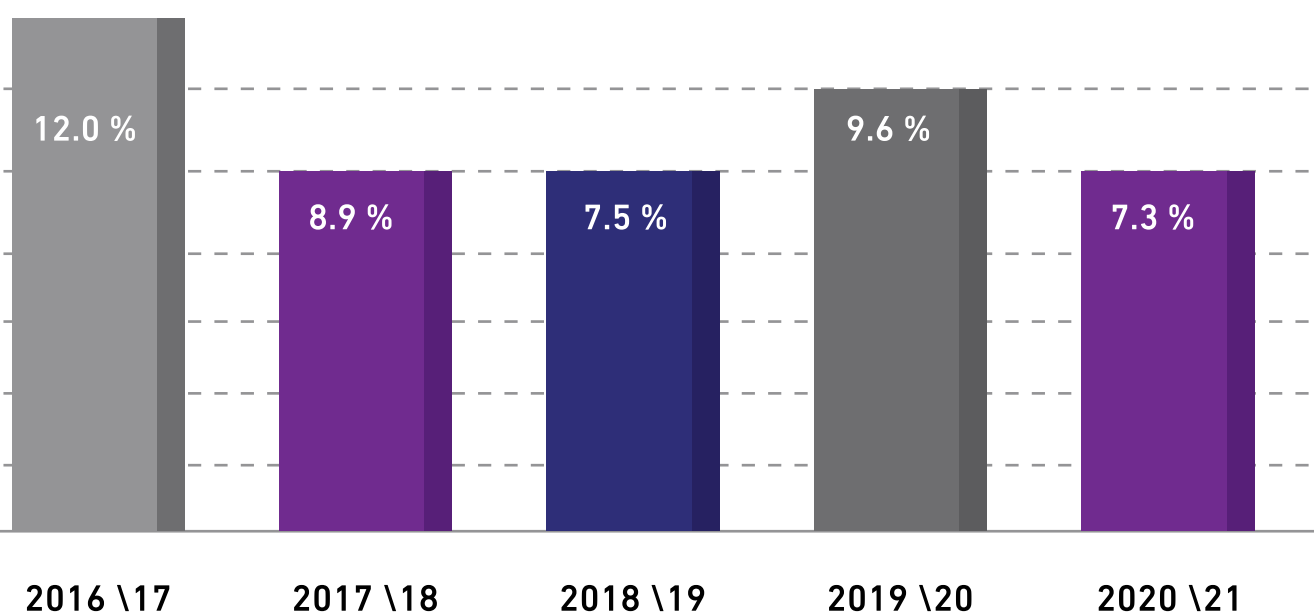
Source: Ministry of Finance

DISCOUNT RATE

17.3%   19.3%   18.3%   17.3%   16.3%   14.8%   13.8%   12.8%   9.8%   9.3%   8.8%

MAY 17   JUL 17   FEB 18   APR 18   FEB 19   AUG 19   SEP 19   NOV 19   MAR 20   SEP 20   NOV 20
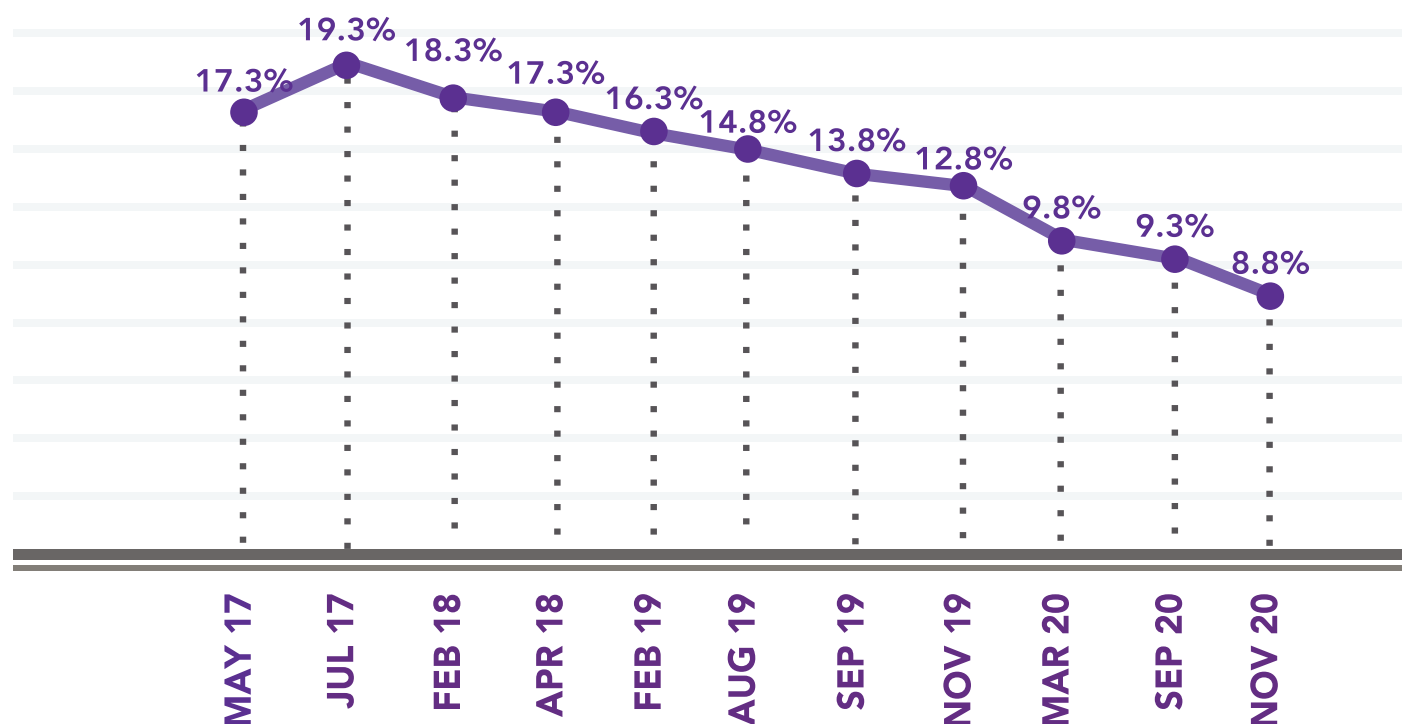
Source: Central Bank of Egypt

AVERAGE USD TO EGP

17.8   17.7   17.8   17.9   18.0   17.6   17.1   16.6   16.2   15.8   16.0   16.0   15.8   15.8   15.7   15.8   15.8

DEC 17   MAR 18   JUN 18   SEP 18   DEC 18   MAR 19   JUN 19   SEP 19   DEC 19   MAR 20   JUN 20   SEP 20   DEC 20   MAR 21   JUN 21   SEP 21   DEC 21
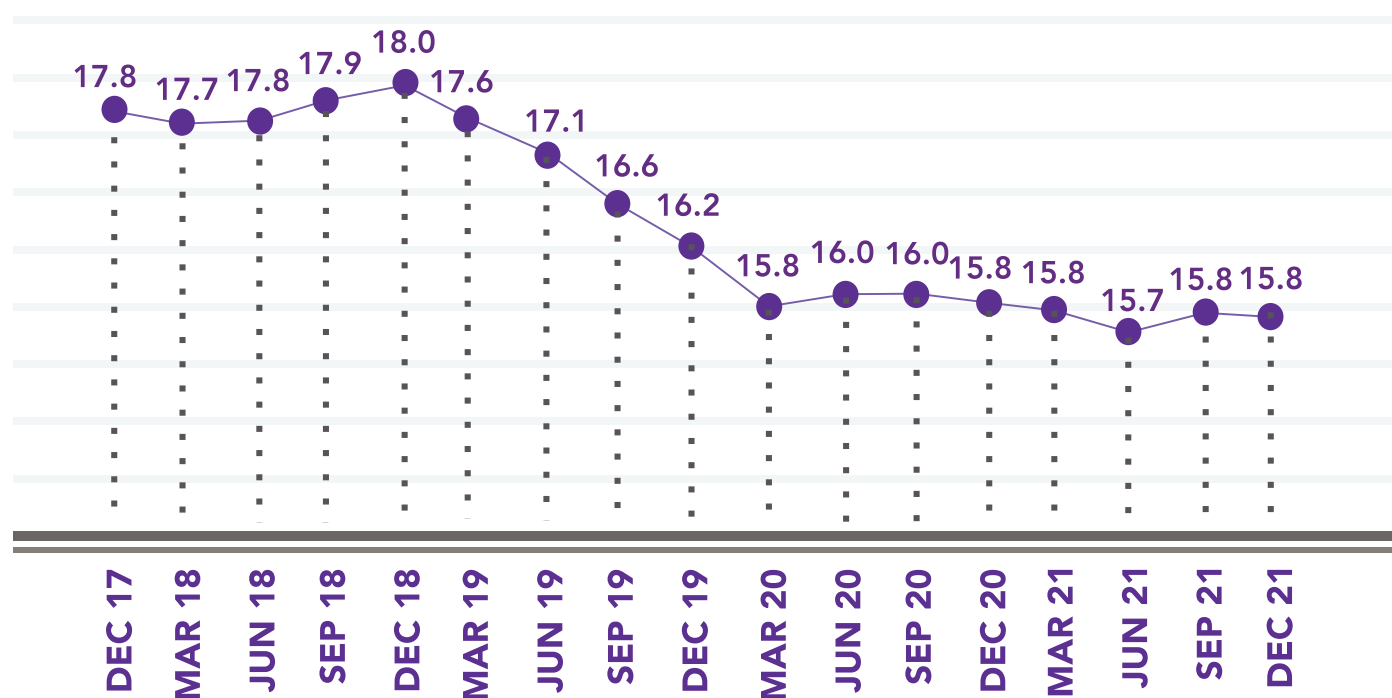
Source: Central Bank of Egypt

CORE INFLATION (YOY)
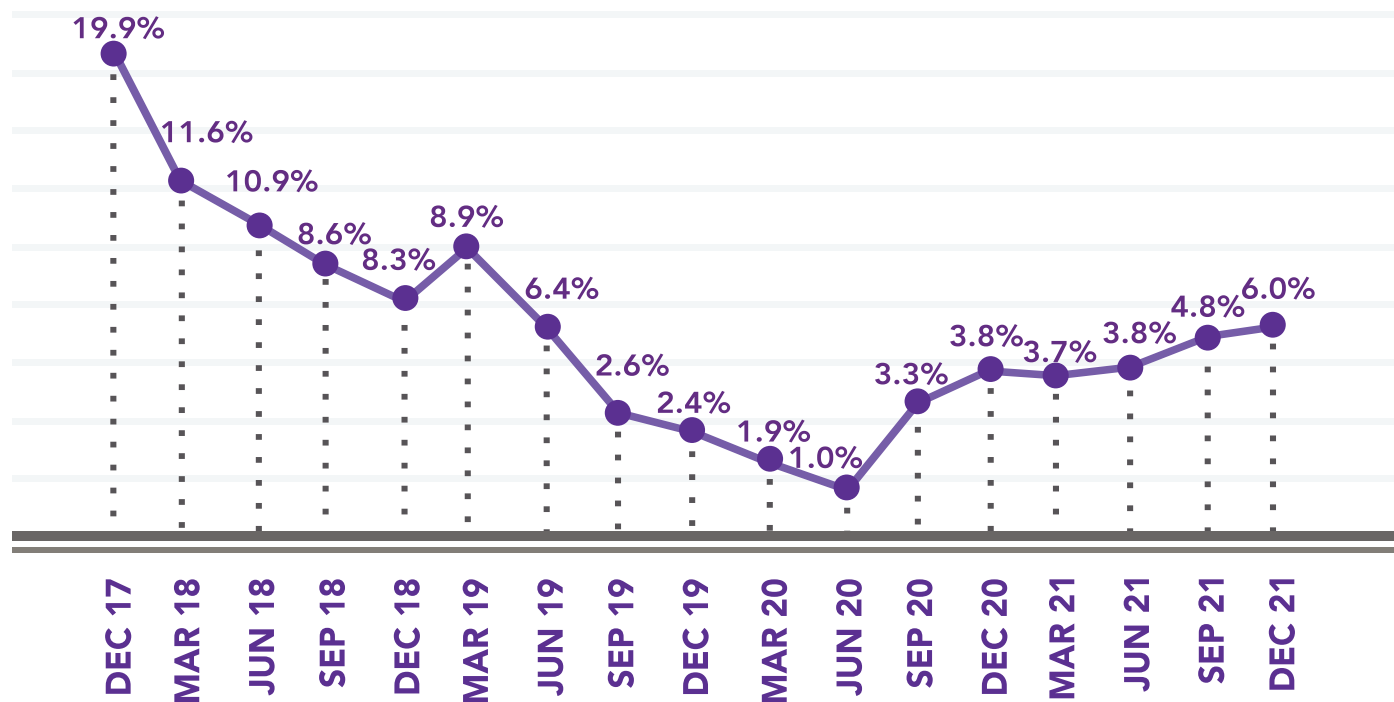
Source: Central Bank of Egypt

TELECOM MARKET INDICATORS

DATA MARKET CONTINUES MOMENTUM

HOUSEHOLD PENETRATION %

30.0%
32.4%
35.1%
39.3%
43.3%

21.8%
26.9%
29.5%
35.1%
39.3%

2017   2018   2019   2020   2021
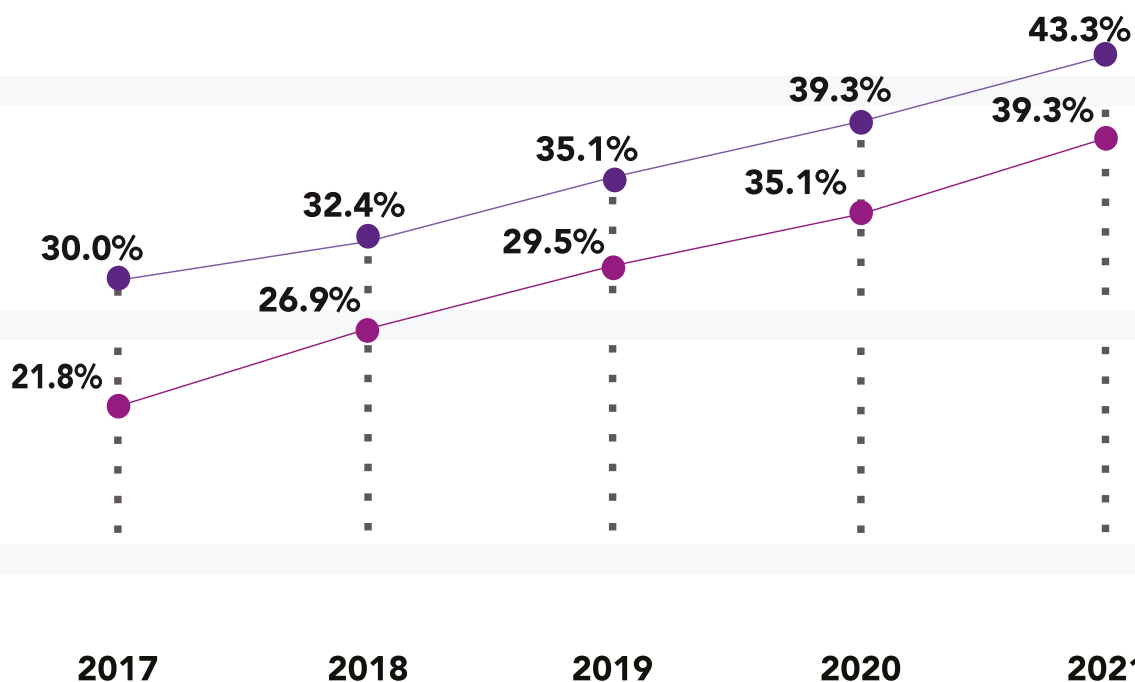
Source: CAPMAS & TE   disclosures

Fixed line   **Broadband**

FIXED BROADBAND MARKET SUBSCRIBERS (MN)

1.127
4,070

1.297
5,237

1.489
5,807

1.866
6,947

1.983
8,027

2017   2018   2019   2020   2021
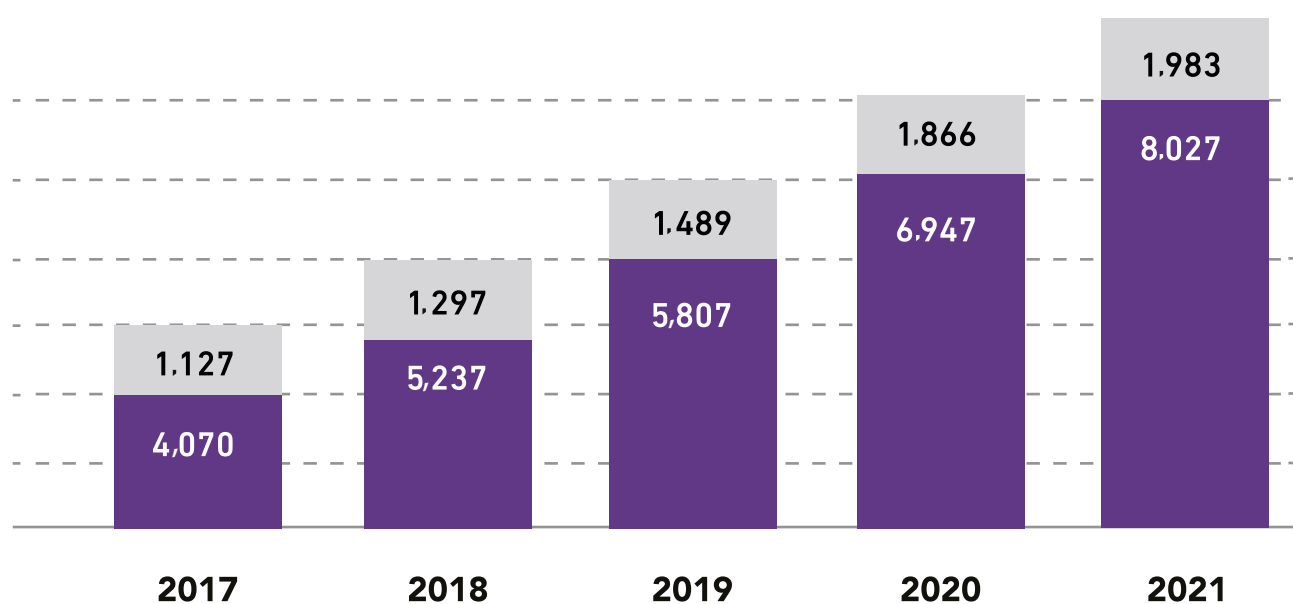
Source: TE disclosures

TE   Other

FIBER ACCESS NETWORK CAPACITY (IN 000 HOMES)

- 2017: 12 608
- 2018: 17,567
- 2019: 27,715
- 2020: 30,800
- 2021: 31,293

MOBILE PENETRATION %

	2017	2018	2019	2020	2021
Data	117%	102%	100%	101%	105%
Voice	37%	39%	43%	56%	64%
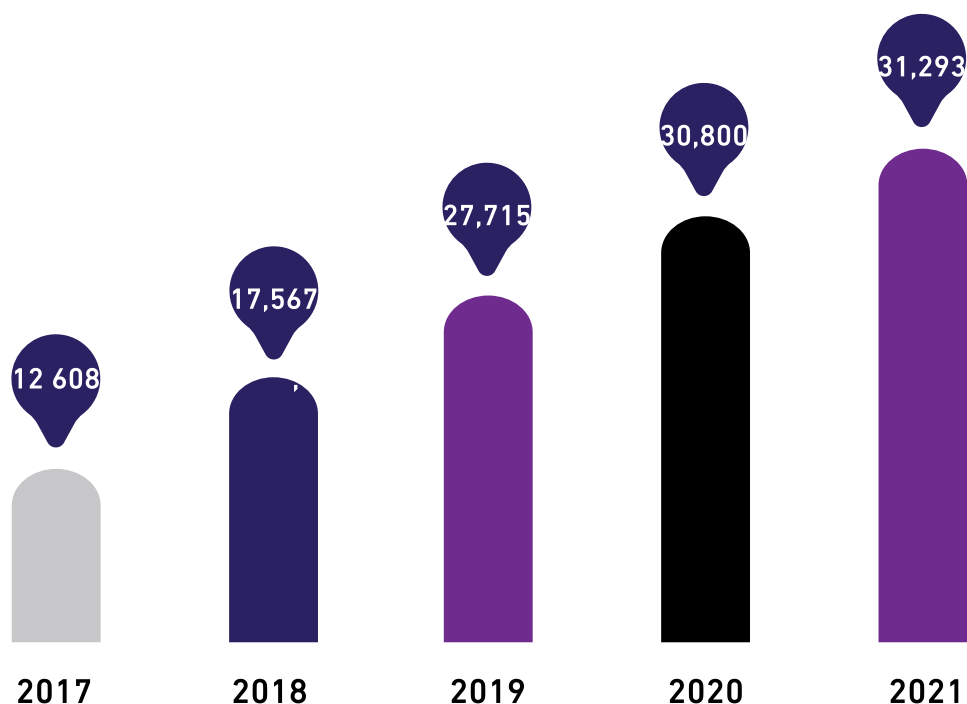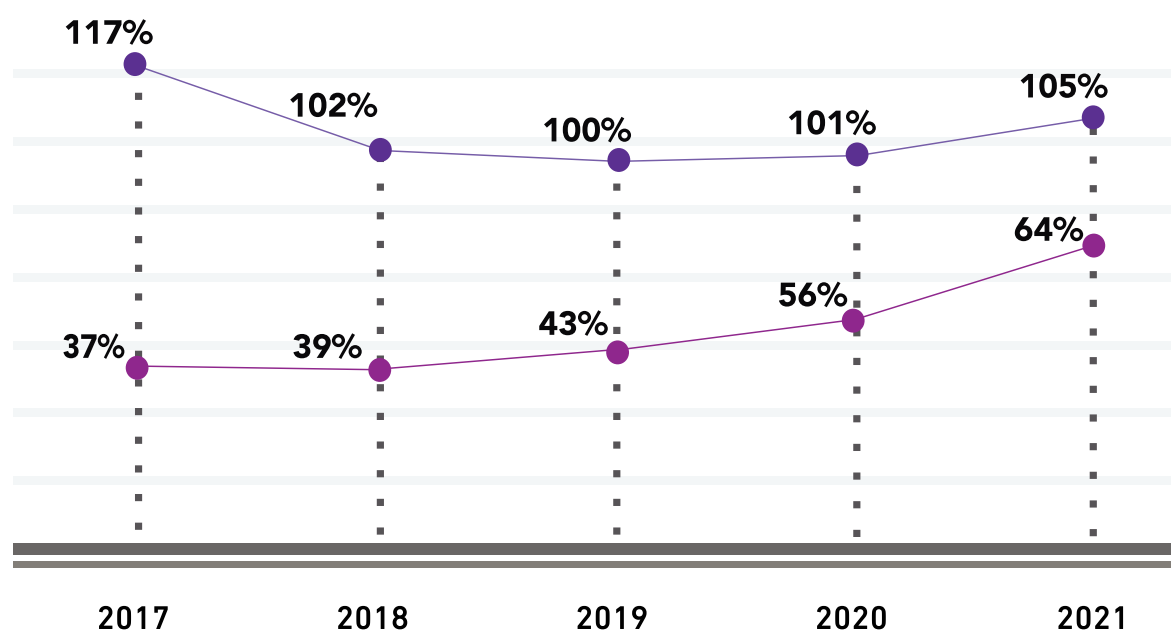
Source: MCIT & Operators, disclosures

Data   Voice

MOBILE MARKET SUBSCRIBERS (MN)

2017
2.3
110.5

2018
3.9
96.6

2019
5.1
94.5

2020
7.3
95.1

2021
9.4
98.6
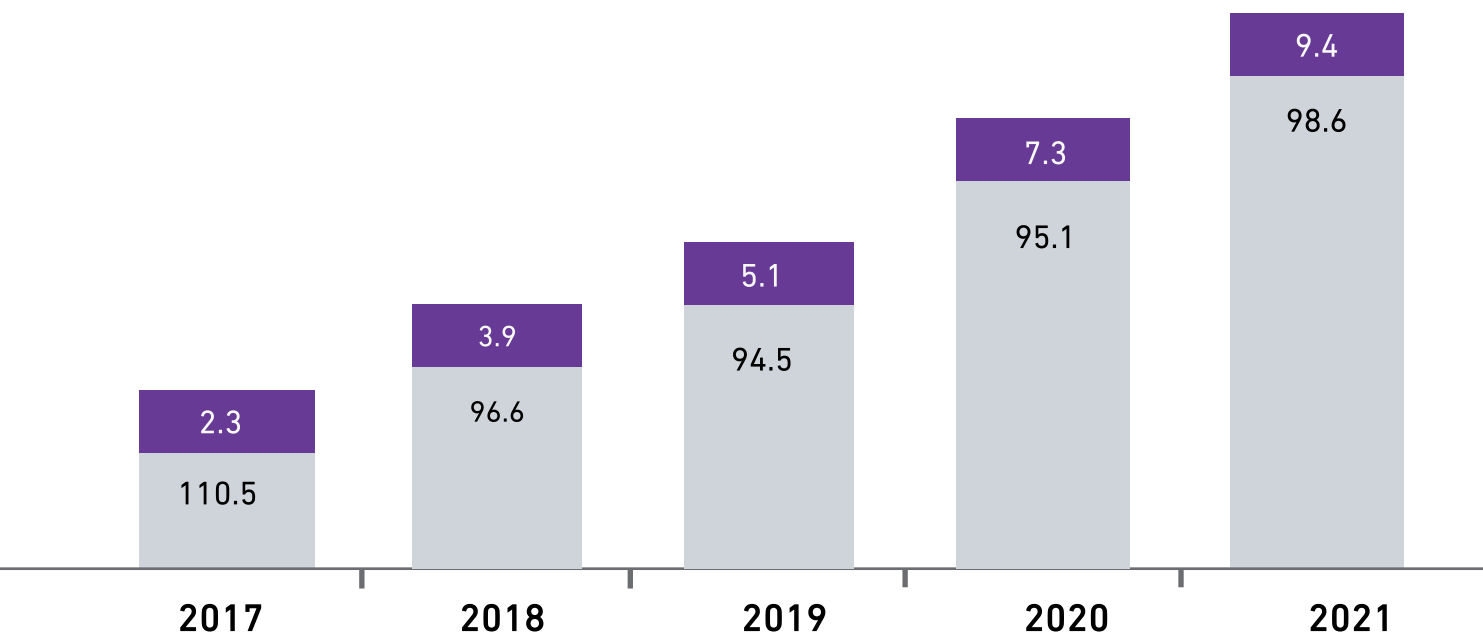
Source: Operators disclosures

TE ● Other ⬤

MOBILE DATA MARKET SUBSCRIBERS (IN 000s)

2017
3,260
32,790

2018
3,210
35,060

2019
3,600
39,000

2020
4,040
52,400

2021
2,070
63,440
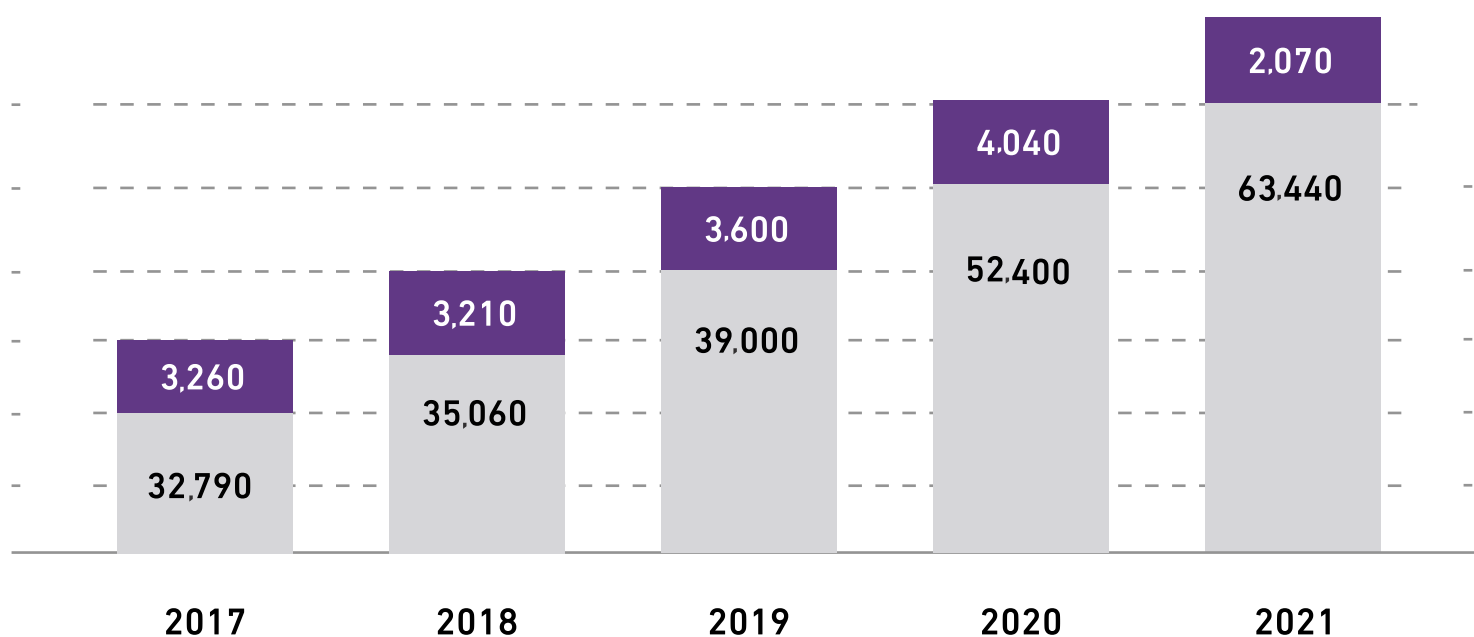
Source: MCIT

USB ● Mobile Data ⬤

WHO WE ARE

A STORY OF TRANSFORMATION

Founded in **1854** - first telegraph line in Egypt

Incorporated in **1998**, replacing the former Arab Republic of Egypt National Telecommunication Organization (ARENTO)

Listed in **2005** on Egypt and London Stock Exchanges

Acquired a **45%** stake in Vodafone Egypt in **2003** to **2006**

Launched mobile - rebranded the retail business to WE in **2017**

Launched 'Indigo Plus', the first fixed voice, broadband and mobile services bundle in **2018**

Accelerated infrastructure upgrades – **90%** of households reached with fiber to the firm in **2020**

Regional Data Hub is commissioned in **2021** - the country's first data center to receive the Design and Constructed facility TIER III Uptime Institute Certifications

OUR STRATEGY

Vision

– Shaping the future of telecommunication services in the region

Mission

– To become the best source of total communication solution

STRATEGIC PILLARS

TOTAL ICT PROVIDER

Offering customers best value, data-centric value propositions

PREMIUM DIGITAL HUB

Expanding from an established international route to an eminent regional digital hub

DIGITAL WE

Embracing digital transformation internally and externally to empower customers & employees

FINANCIALLY & OPERATIONALLY EXCELLENT CO.

Expanding efficiency & optimization measures to enhance profitability

GEARING UP FOR TOMORROW TODAY

BY ESTABLISHING ITSELF AS A KEY ENABLER OF DIGITIZATION, TELECOM EGYPT IS MOVING FROM A

TOTAL TELECOM PROVIDER AND PREFERRED GLOBAL ROUTE
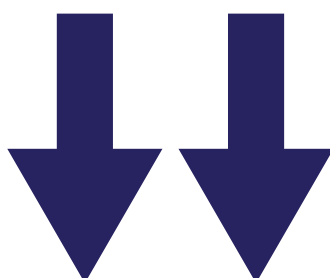
TOTAL ICT PROVIDER AND REGIONAL DIGITAL HUB

Your Digital Hub

telecom**egypt**®

WHAT WE OFFER

Telecom Egypt's customer-centric services portfolio comprises five business units: Home & Consumer, Enterprise, Domestic Wholesale, International Carrier Affairs, and International Customers & Networks.

🏠 Home & Consumer

WE, the retail brand for Telecom Egypt, provides a wide range of services to consumers, including fixed voice and broadband services and mobile voice and data services, in addition to other value added services. WE's portfolio includes dual and triple play services, with quad-play soon to be added with the nationwide launch of IPTV services. WE also launched its digital wallet "WE Pay" in November **2019**.

11 million fixed line subscribers (+12% YoY)

🏢 Enterprise

Our enterprise portfolio includes high-speed and secure networks, hosting services, VPN, IP transit, cloud, managed security services, a range of custom solutions for small and large businesses, and traditional mobile and fixed connectivity services.

8 million data subscribers (+16% YoY)

9.4 million mobile subscribers (+28% YoY)

RETAIL
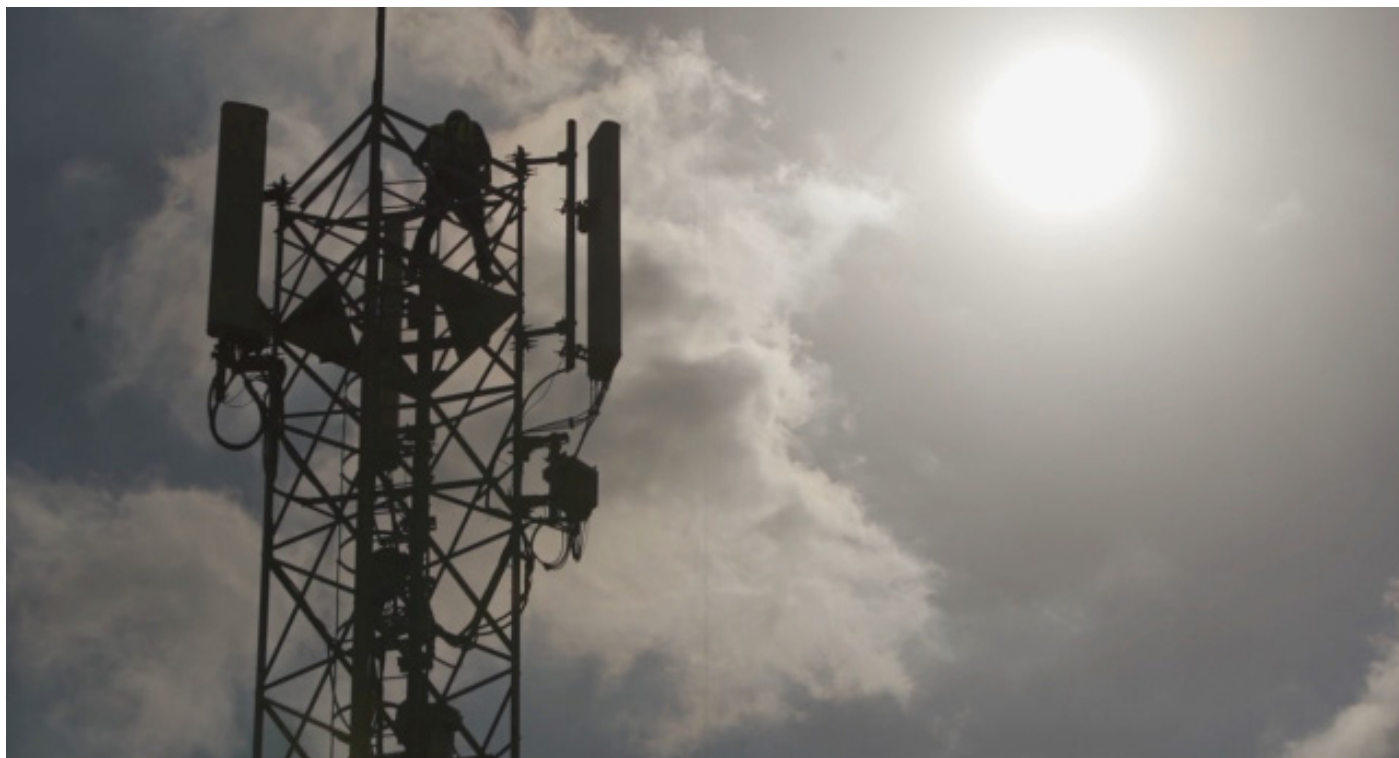
WHOLESALE

Domestic

TE offers a wide range of services to local MNOs and ISPs, from infrastructure services including transmission, co-location, and power, to access services for consumers (SLLU and bit stream) and enterprises (SHDSL and FLLU) in addition to international outgoing calls.

International Carrier Affairs

Telecom Egypt utilizes its International Gateway (IGW) license to capture international traffic for its own customers and those of the domestic mobile operators, earning its revenue in foreign currency.

International Customers & Networks

The company's wide international network of submarine cables, landing stations and terrestrial routes as well as Egypt's geographical location make it the preferred corridor for international traffic from the East to the West. Under this business unit, the company offers IRUs and sells capacities on its cables as well as ancillary services (O&M). It also provides International customer support services through its Xceed call center.

Note: Figures stated as at 31 December 2021

OUR COMPANIES

A SUCCESSFUL CONGLOMERATE

WE Data is Egypt's leading internet service provider with around 80% market share. Telecom Egypt established WE Data in 2001. WE Data's portfolio includes narrowband and broadband internet access services, managed internet access services, IP VPN connectivity services, and global connectivity services. WE Data's portfolio of services covers the needs of all segments, including consumers, small and medium enterprises, and large corporations.

Book value: 5,931.7mn Direct share: 99.99% Direct & indirect share: 100.00%

TE Data Jordan is a Jordanian registered company established in 2004 and fully owned by WE Data. TE Data Jordan has introduced new services to the market, benefiting from WE Data's extensive experience and following its model. TE Data Jordan's long-term strategy is to expand beyond the provision of data services to interconnection services. It acts as Telecom Egypt's wholesale arm in the region.

Xceed is one of the leading BPO players in the EMEA region, managing various international and local programs and providing a wide array of contact center services, BPO consultations, as well as Shared Services (HRO, FAO) in different languages, including Arabic, English, French, German, Italian, Spanish, Greek, Russian, and Turkish. Xceed currently has +10,000 omnichannel workstations in Egypt distributed among seven sites in addition to a site in Morocco with a capacity of 1,000 omnichannel workstations and a site in Mauritius. Xceed prides itself on its ability to adopt disruptive technologies, such as RPA, AI, and predictive analytics.

Book value: 830.8mn Direct share: 97.66% Direct & indirect share: 100.00%

Xceed Morocco is a Moroccan registered company that is fully owned by Xceed Egypt. The company provides services to French speaking countries in Europe such as France, Belgium, Switzerland, and Canada. Its talent pool helps the company compete in global outsourcing tenders.

Xceed Mauritius was established to comply with Xceed's strategy to complement its presence in Africa. Xceed has expanded to Mauritius to meet the expectations of multinational companies requiring bilingual services (English and French), through a single, low-cost location while ensuring optimal levels of professionalism, reliability, and experience.

Centra Technologies was established in 2002. Its core business is to provide complete IT solutions, including end-to-end data centers and cloud computing solutions, networking solutions, enterprise computing infrastructure, and cybersecurity solutions. The company also markets and sells personal computers, servers, laptops and other hardware.

Book value: 62.3mn   Direct share: 58.76%   Direct & indirect share: 100.00%

OTHER INVESTMENTS

Vodafone Egypt is the leading mobile operator in Egypt with a mobile market share of c. 41% as of FY 2021. The company offers its customers mobile voice and data services in addition to fixed broadband services.

Book value: 16,637mn   Direct share: 44.95%   Direct & indirect share: 44.95%

Middle East Radio Communication (MERC) was established in 2001 and is a leading company in the field of building, operating, and managing wireless communication stations. MERC produces, designs, and operates various types of programs and computer systems in addition to software development, operating systems, and integrated systems.

Book value: 27.9mn   Direct share: 49.00%   Direct & indirect share: 51.00%

SPVs

TE Investment Holding was established in 2009 to identify and promote suitable investment opportunities both locally and overseas. By selecting companies that are involved in associated industries, TE Holding aims to be operationally active where value can be added.

Book value: 69.4mn   Direct share: 99.99%   Direct & indirect share: 100.00%

TE Globe is a registered company established in 2016 in Singapore and is fully owned by TE Investment Holding. TE Globe's vision is to be the bridge of global telecom services between South East Asia, the Middle East, Africa, and Europe through its robust and unique network that connects Singapore to Europe.

EISCC was established in 2018 under the name Egyptian International Submarine Cables Company with the aim of growing Telecom Egypt's submarine cable footprint. The company bought MENA Cable Co. in September 2018.

Book value: 60.8mn Direct share: 98.99% Direct & indirect share: 100.00%

TE France was established mainly to serve as a landing station in France for Telecom Egypt's TE North Cable.

Book value: 147.8mn Direct share: 100.00% Direct & indirect share: 100.00%

CHAPTER TWO

DRIVING CHANGE

Fast and forward-thinking for an ever-changing and evolving future.

2

OUR NETWORK, EGYPT'S BACKBONE

In line with Egypt's 2030 Vision, Telecom Egypt continued to drive the country's digital transformation in 2021 through improvements in network infrastructure and greater connectivity across the country. Transforming Egypt into a digital society with a fully integrated digital environment and advanced digital economy will reap both social and economic benefits. Regular updates will also improve the company's financial and operational efficiency, resulting in competitive and sustainable growth in the future, enabling Telecom Egypt to become the leading ICT provider and premium digital hub.

STEPS TAKEN TO ENHANCE CAPACITY AND REACH IN 2021* (YOY figures)

33% ↑ in backbone network capacity

76% ↑ in transmission capacity

78% ↑ in transmission fiber cable lengths

2.23% ↑ in MSAN

24% ↑ in FTTH-GPON
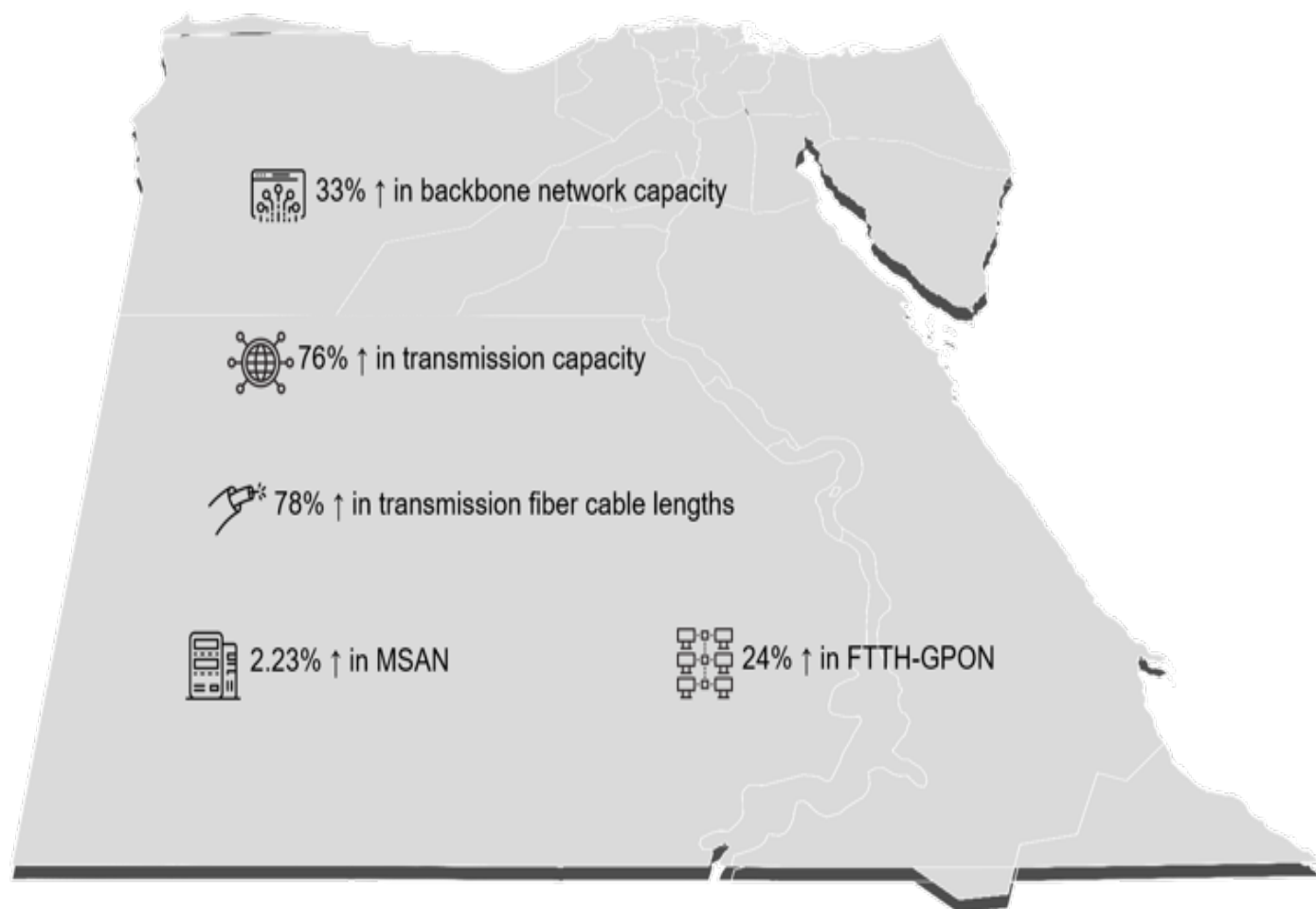
ENHANCING MOBILE TECHNOLOGY AND REACH

Telecom Egypt is dedicated to implementing the latest technology to enhance mobile customers' experience, while also expanding its reach to more users, even in the remotest areas. To this end, Telecom Egypt implemented a number of projects in 2021 to expand its mobile network coverage, prepare for upgrades, and meet the demand for growing mobile services.

Given the aforementioned, Telecom Egypt's mobile sites witnessed a 33% increase at the end of 2021 compared to 2020; at the same time, the company began to revamp its mobile sites to integrate the newly acquired 2.6GHz TDD bandwidth. This upgrade came after Telecom Egypt was awarded the additional spectrum in 2020 at a value of USD 305mn.

Building on the above, Telecom Egypt accommodated network expansions to serve millions of customers by introducing VoLTE (Voice-Over Long Term Evolution) and 2G, and extending FLTE (Fixed Long-Term Evolution), as a strategic step to enhance the quality of its services, increase nationwide connectivity and serve all social classes, in line with the government's vision to reduce inequalities and "leave no one behind." It's worth mentioning that VoLTE—a highly efficient wireless technology enabling superior quality and clearer voice calls—was introduced in the Egyptian market in 2021. In addition, obtaining the 2G license will extend voice services mainly to the beneficiaries of Hayat Karima, while FLTE will further enrich our portfolio of connectivity services for more tech-savvy consumers.

In addition, the packet core has been fully virtualized, which will enable deploying virtualized IMS core sites—a step that is consistent with Telecom Egypt's ongoing efforts to improve the services it provides to its customers.

Internally, Telecom Egypt has introduced automated daily technical reports to help pinpoint areas for improvement to enhance the performance and quality of its mobile services.

At the end of 2021, and by obtaining the new technologies that are fundamental to creating momentum for 5G service deployments, Telecom Egypt was able to develop its core network to improve the efficiency and automation of the entire service lifecycle in order to provide such services once the regulatory framework and Egyptian market are ready. The company developed the core network by constructing a new Telco cloud environment to host NFVs services for better and faster service scalability, as well as to be dynamically agile for any increase in traffic and customer growth.

LOCAL AND INTERNATIONAL ROAMING IMPROVEMENTS

With the continuous rolling out of more of our mobile sites, Telecom Egypt has been able to increase its national roaming offloading. As a result, at the end of 2021, total offloading improved by about 40% vs. 2020. Offloading not only results in cost-efficiencies but improved service quality as customers are able to use a less congested and higher-quality bandwidth on Telecom Egypt's network.
In addition, Telecom Egypt secured more international roaming expansions in 2021, reaching a total of 52 service providers, including 17 new international operators in 16 countries.

RECOGNITION OF OUR IMPROVEMENT

Telecom Egypt's efforts to improve the quality of services have not gone unnoticed.
The company achieved a number of rewards and ranking improvements in 2021:
According to NTRA reports, Telecom Egypt took first place in data download speed from July to December 2021.

Meanwhile, according to the OPEN Signal September 2021 report (data gathered in the 90 days from June 1, 2021, to August 29, 2021) Telecom Egypt was the winner or joint winner for most of the mobile experience categories. It came out as the clear winner for the Video Experience at 63.6 out of 100 points and was a joint winner for the Games and Voice App Experience categories, at 39.4 and 73.0 out of 100 points, respectively. Regarding the Download Speed experience, it took first place at 14.9MBps and was a joint winner for the Upload Speed Experience at 5.8Mbps.

Furthermore, according to a 2021 MCIT customer survey, Telecom Egypt achieved the highest internet satisfaction level.

Internet Service Quality
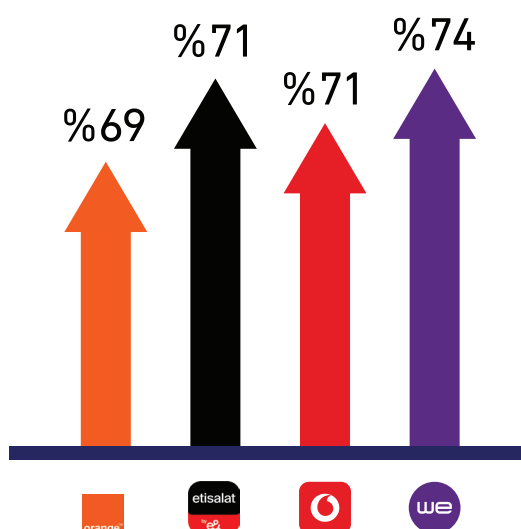
Ookla® AWARDS STREAK CONTINUES

Telecom Egypt was once again named the fastest fixed network in North Africa in 2021, recording average Speed Scores of 35.8 Mbps in Q1-Q2, increasing to 43.94 Mbps in Q3-Q4, as per test results carried out with Speedtest® by Ookla®. The company also recorded the fastest speeds in several cities around Egypt. This is mainly thanks to Telecom Egypt's improved transmission capacity and infrastructure upgrades, which played an integral role in this overall improvement. In addition, Telecom Egypt received the Speedtest Awards™ for Best Mobile Video Experience in Egypt during Q3-Q4 2021.

SUPERIOR DIGITAL SOLUTIONS

Telecom Egypt is actively developing its cloud and data centers to improve digital platforms and offer consumers the best possible digital solutions—all concrete steps in paving the way to becoming the region's premium digital hub. In line with this, the company's Regional Data Hub, which includes a 400-rack capacity, received the TIER III Uptime Institute Constructed Facility Certification. In addition, Telecom Egypt has implemented projects to create focal points (hosting services) for Google and Facebook at its Zaafarana and Abu Talat locations.

SUPPORTING EGYPT'S DIGITAL TRANSFORMATION

HAYAT KARIMA OR "DECENT LIFE" INITIATIVE AND OTHER GOVERNMENT PROJECTS

In support of the Egypt's Vision 2030 and the national strategy for achieving digital transformation, Telecom Egypt began its contribution to the "Decent Life" initiative, which aims to develop connectivity services and facilities for 4,500 villages in the Egyptian countryside, amounting to more than 3 million households over the next 3 years. The first phase, which began in August 2021, and is expected to be completed by the end of 2022, comprises connecting FTTH technology to about 1,477 villages (initially 1436 villages), consisting of 1 million residential buildings and 14,000 governmental buildings. However, this milestone is highly-dependent on the overall progression of the project.

Also in line with digitizing Egypt, Telecom Egypt provided fiber connectivity to about 500 post offices in 2021, with another 1,000 in the pipeline. In addition, it connected about 250 civil society centers, as well as several notarization centers, police and traffic departments,universities, exam centers and other government offices around the country.

LOOKING FORWARD

Telecom Egypt has set clear goals for the coming period to continue on its path of technological improvement. These goals include further upgrades to the core network, rolling out new mobile towers to increase offloading percentages and preparing the roadmap for the transition towards a unified cloud environment for fixed and mobile networks. Internally, the company will work towards developing and enhancing the quality of the network monitoring system and automating the network for the various prosecution functions. And, last but not least, the company is developing a long-term strategic plan to adopt green and sustainable business practices to become a "green telco."

IT EVOLUTION, ENABLING TRANSFORMATION

INTERNAL SYSTEM UPGRADES

Improved security environment

• Highest capacity, most advanced 160 GIG DDoS platform--ranked 3rd in the MEA region making it the differentiated choice for all of TE's financial sector
• Large, multi-sourced firewall environment with more than 81 firewalls in production, including mega firewalls
• Wide range antivirus footprint with 26K agents
• More than 16 WAF in operation protecting critical TE & customer applications
• 4 large sandboxes protecting key platforms
• 35K mailbox antimalware protection
• More than 10 web gateways and 4 strong e-mail gateways
• Strong remote access VPN solution serving more than 9,500 users (facilitated remote working during the pandemic and beyond, and allowed for a new business model for TE's customer service business unit)

Enhanced business processes

• Installed a business process management tool to assist in streamlining and managing WE business processes
• Finalized phased 1 of the e-invoicing system which includes 20 data sources - WE invoices are now submitted to the Tax Authority via this system
• Tier III, advanced IT data centers in B7 & Madinty - these facilities continue to run even when replacing equipment or performing maintenance
• Increase in IT support to reach 1,250 sites & offices nationwide
• 5,300 networking devices

CUSTOMER INTERFACING DEVELOPMENTS

IVR upgrade

• Telecom Egypt successfully upgraded the whole IVR system, all the way from the infrastructure to the database and up until the application layer itself by adding new features and expanding the capacity of the contact centers to simultaneously handle a larger number of customer interactions, respond faster to their enquiries, and improve the quality of services offered. In addition, the IVR landline troubleshooter was upgraded to cover all possible landline issues.

Mobile app revamp

• Enhanced the mobile app (improved graphical user interface with new features)

WE payment gateway

• Further developed the WE payment gateway to support new functions and enabled tokenization on E-care & the mobile app

New cloud provider

• In its endeavor to continuously provide world-class shared, dedicated and cloud-hosting services to its clients, Telecom Egypt invested in VMware--a new cloud provider program. The new program enables partners to consume VMware products on a pay-as-you-go, pay-as-you-grow, or monthly subscription model.

DIGITAL EGYPT

• Created a portal that provides the ministry with a complete dashboard of all TE fiber deployments related to the "Digital Egypt" project. It also enables government entities to trigger their own work orders.
• Enabled IPTV services for all the government buildings in the new Administrative Capital.
• Simplified the Ministry of Solidarity subscription process thanks to push notifications between the Ministry and Telecom Egypt, which enable eligible persons to get their free SIM card directly from any WE store.

CUSTOMER CENTRICITY, THE KEY TO SUCCESS

BUILDING CUSTOMER CONNECTIONS

In an increasingly competitive industry, operational and customer experience excellence continue to be Telecom Egypt's main priorities. To enhance its after-sales service, the company has established--and continues to invest in--a multi-channel strategy that allows 24x7 customer care. Telecom Egypt strives to continuously improve and eliminate friction across touchpoints, journeys, products and processes, as well as shorten resolution times to enhance customer satisfaction, increase loyalty, attract customers and encourage spending.

CUSTOMER CARE TRANSFORMATION STRATEGY

CHALLENGES

Customer expectations are increasing, driven by rapid behaviour changes & needs.

This has prompted the need for rapid transformation of our support & operations models

SATISFIED CUSTOMER

OPERATIONAL EXCELLENCE

- Consistently delivering high-quality service that meets customer **expectations** and **commitments.**

- Effective and efficient support when needed (short resolution time, low rework rate)

CUSTOMER SERVICE

IT

NETWORK

FIELD OPERATION

CUSTOMER EXPERIENCE EXCELLENCE

- "Placing customer needs at the heart of everything we do (customer-centricityl so we can be excellent in their eyes. "A simple but very important concept.
- Reducing customer needs to contact us is fundemental to increasing customer satisfaction as well as achieving **efficiency.**

Transparency Indexes

1. Deliver what we **promise.**
2. Outages & RFOs
3. Customer accessibility to accurate info when needed

INNOVATION AND SUSTAINABILITY

The company's various self-service tools are helping optimize customer experience while empowering customers with timely and relevant information and services.
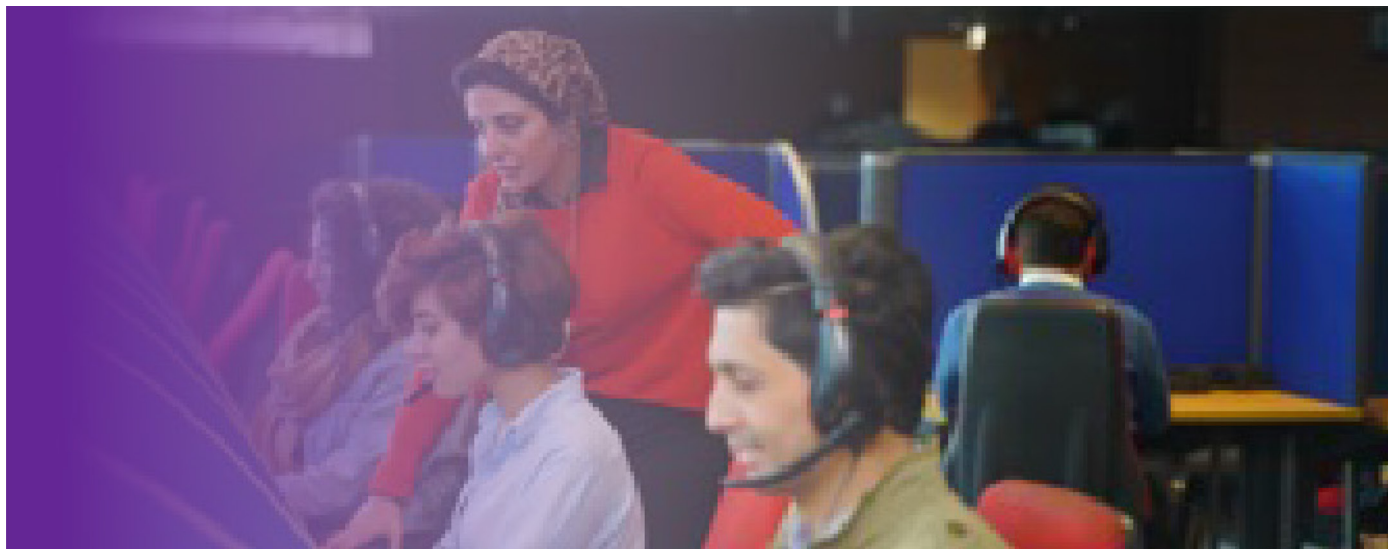
SELF SERVICE

Specially -tailored products and services based on needs

Unified mobile app
Virtual hold automation
Interactive voice responses

+125K
Avg. daily IVRS in 2021

Reliance on self - care channels

32%
in 2020

Vs.

38%
in 2021

Telecom Egypt has fashioned a well thought-out action plan for 2021-2023 to enhance the technical and non-technical transactions on the MyWE app.

Our accomplishments to date include automated SMS shots to mass market promotion plans and IVR redirection to MyWE for non-technical cases such as early renewal, renewal date etc. In addition, customers now have the ability to view and pay landline bills through a redirection page. However, they will continue being redirected until the fixed landline transactions are fully migrated to BSS reporting and escalating landline issues through MyWE will be similar to the IVR automation experience. Furthermore, we updated the app to include a list of the stores that provide technical support and their working hours.

In addition, requests received through FB, Instagram, and YouTube channels to escalate voice cases have been automated directly on the FCC tool direct – this will reduce reaction times and in turn increase customer satisfaction.

ENCOMPASSING ALL CUSTOMERS

As a customer-centric company, the importance of engaging and outreaching all our customers through every possible way is key to success. With this in mind, we launched the Gaming & IoT service support to achieve a sustainable, competitive advantage as the market leader of both end-to-end customer experience and connectivity levels.

At the same time, a new accessibility software platform was introduced at several branches (in collaboration with the CSR department under the "WE Accessibility Initiative".) The platform provides a description of all Telecom Egypt's services with illustrations and translated reference for the hearing impaired and voice broadcast for the visually impaired.

In addition, a specialized team responds to inquiries using sign language over a video call on TE Data's official website under "Ma3ak" customer support service for hearing and vocally impaired persons. We are upgrading the system and it will be back in service in early 2023.

This engaging strategy has enabled the company to optimize costs, improve the brand image, and enhance customer experience--leading to greater customer loyalty.

THE CUSTOMER SERVICE TEAM - THE FACE OF TELECOM EGYPT

As the initial point of contact, our customer service team is crucial to promoting recurring business and fostering customer loyalty. As such, we effectively recruit, manage, and train the headcount to cope with the increase in traffic brought about by the increase in total customer base (18% in 2021 vs. 2020). Training comprises key technical and soft-skills trainings to raise awareness of the services we offer, and support our staff in staying up-to-date with the rapidly evolving changes and business updates. (WE Learning Hub and Microsoft Teams are used for synchronous or asynchronous training.)
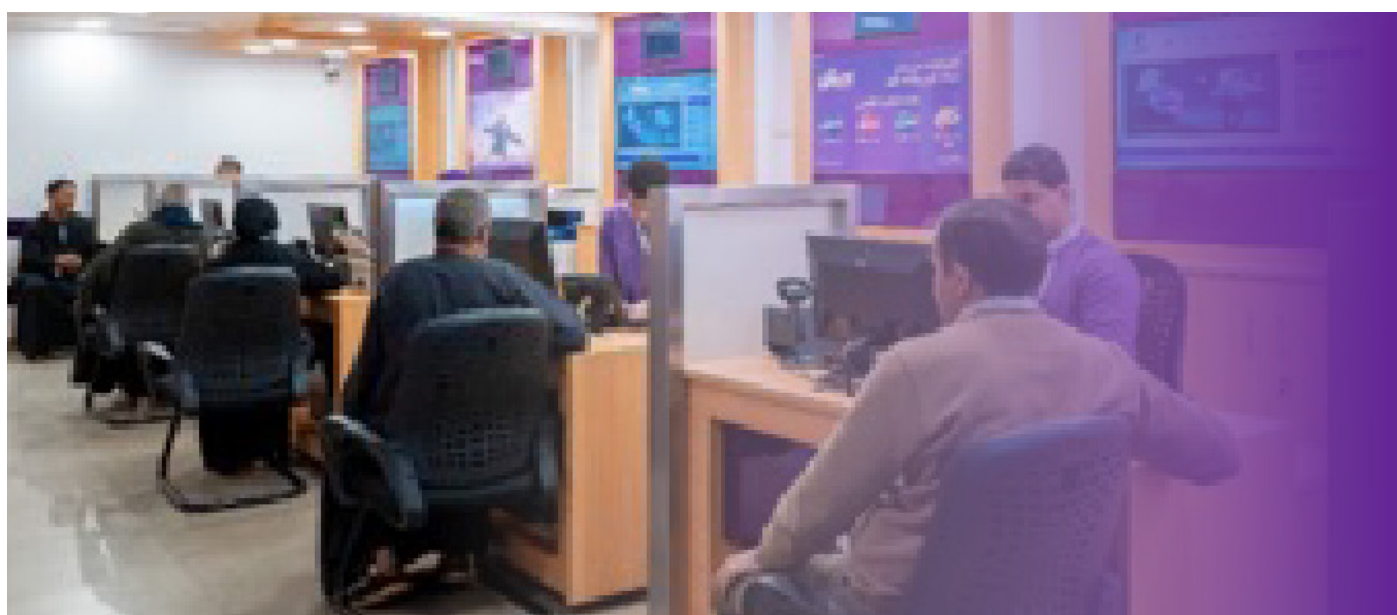
telecom**egypt**®

ON-THE-GROUND IMPROVEMENTS

Based on a small survey[1] conducted by NTRA in H1 2021 for 17,000 users of mobile phone services, Telecom Egypt topped the list for branch network spread at 82%, diversity of systems and offerings at 66%, internet service quality at 76%, customer servicea tie with Vodafone at 74%, accuracy at 70%, while achieving second pla ce for complaint resolution at 70%, only 1% less than the top runner.

[1]El-Din, M. A. (2021, August 4). Egypt's Telecom Regulator surveys satisfaction of mobile users in H1 2021 - Dailynewsegypt. Dailynewsegypt. https://dailynewsegypt. com/2021/08/04/egypts-telecom-regulator-surveys-satisfaction-of-mobile-users-in-h1-2021/

OUR PEOPLE, TE'S MOST VALUABLE ASSETS

Despite the health and economic challenges that persisted in 2021, Telecom Egypt continued to support its employees by providing a professional, secure and comfortable work environment, with the flexibility to continue working from home as needed, enabling employees to keep up the momentum in line with the extra demand for services, deliver better and stay safe.

Telecom Egypt's internal HR strategy reflects on the firm belief that employees are one of the most important gears to achieve the company's strategy and sustain business performance in the long run. In a highly competitive and fast-changing industry, recruiting, developing and retaining the best employees is the key. Accordingly, the HR function aims to achieve this through the regular training of employees, development and improvement of policies and procedures, the clear definition of roles and responsibilities as well as automation of the HR function.

AN EQUAL OPPORTUNITY ENVIRONMENT

Based on a small survey conducted by NTRA in H1 2021 for 17,000 users of mobile phone services, Telecom Egypt topped the list for branch network spread at 82%, diversity of systems and offerings at 66%, internet service quality at 76%, customer servicea tie with Vodafone at 74%, accuracy at 70%, while achieving second place for complaint resolution at 70%, only 1% less than the top runner.

Total no. of Telecom Egypt employees   **31,663**

Building a diverse workforce and inclusive culture remains a priority for Telecom Egypt. The equal employment opportunity and anti-discrimination policy environment enables employees to feel valued and heard, resulting in a healthier work environment and thus more productivity. Employees are recruited through various digital channels and specialized technical institutes. In addition, the outsourcing policy has been unified across the group.

CORE VALUES:
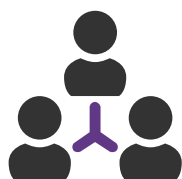
ACCOUNTABILITY   **COLLABORATION**   **DISCIPLINE**   **CREDIBILITY**   **COMMUNICATION**

INCLUSIVITY RATES

19835
Outsource

1167
Special needs

23825
Male

7838
Female

25% of the total workforce are women   **2,278** in managerial positions and above

TE EMPLOYEES BY AGE

>25	25;45	46:55	>55
123	17527	9858	4155

TE EMPLOYEES - EDUCATION LEVELS

Primary	Mid-level	Diploma	Bachelors	Master& PhD
1319	10866	9209	1293	1293

To develop and retain its high caliber employees, HR provides clear career path to encourage growth within the company. It also provides internal and external classes and training programs to close knowledge gaps and drive measurable outcomes. Training encompasses all levels and includes technical training, professional training, soft-skills training and managerial training (WE Stars program).

+2850 **employees trained in 2021**

Telecom Egypt also provides a broad spectrum of training courses to university students, fresh graduates and special needs who are interested in joining the telecom field.

TALENT MANAGEMENT

Telecom Egypt has also improved and enhanced the employee performance tracking and measurement system to reach the optimal employee structure across different departments. The system utilizes a combination of methodologies to ensure that employees across the different departments are aligned with – and contributing to – the strategic objectives of the company. Salary adjustments, promotions and bonuses, and training courses are provided based on the results of the performance evaluation to motivate and increase employee satisfaction as well as employee engagement.
In addition to the very high strategic, managerial and leadership ongoing development for the Senior and Top Management.

EFFICIENT USE OF RESOURCES

A number of steps were taken during 2021 to rationalize costs including a successful organizational restructure implemented by the efforts of the HR team in coordination with all sectors and departments; reallocation of exchange engineers and other operational employees to reach optimal use of the workforce; which has resulted in EGP 50mn worth of savings related to improved asset management.

DIGITIZATION OF HR FUNCTIONS

2021 saw a number of digital HR developments, including:
• Using the upgraded intranet system to communicate management announcements, internal vacancies, training programs, new offers, services, and/or receive any feedback or complaints.
• Updating the mobile app "Staff Care" app - now "WE Family"- with new features and offers beyond medical care.

The updated "WE Staff" app provides information regarding the medical insurance network. It also includes information about instalments, discounts and other benefits from various banks, stores, outlets, etc.

WE ARE FAMILY

Supporting employee physical, mental and emotional wellbeing has never been more important; that's why Telecom Egypt encourages a healthy work-life balance. As such, it strives to improve the benefits and services offered to its staff and their families.

The HR department also organizes social, cultural and recreational activities for its employees and their families, and provides discounted offers for hotels, sports clubs etc.
To bring WE families closer, the WE Family Initiative offers trips to employees and their families.

It also organizes fun days and team-building events to help employees cope with work-related stress. The WE Family initiative also includes a WE Family Football League and WE Family Holy Quran Competition for employees and their children.

In addition, the Initiative celebrates outstanding employee children who have completed their secondary education with excellent grades, "ideal mothers" with inspirational stories
(on Mother's day) and retired employees. The Initiative also aims to support the families of deceased employees.

CHAPTER THREE

DELIVERING VALUE

Our win-win strategy services

3

RETAIL IN THE DIGITAL AGE

A DYNAMIC RETAIL LANDSCAPE

The seismic change in the social and economic digital landscape, particularly post-Covid 19 needs (both coverage and usage), and the correlating increase in customer expectations. Customers are setting the pace for needs and challenging businesses to agilely adapt their operating models while balancing between revenue generation and building consumer loyalty. By continuously expanding and improving our network reach and technology, enhancing the digital experience, and evolving our products to adapt to new consumer preferences & opportunities (to gain competitive advantages), we have managed to build on the momentum of our retail segment.

REVENUE SPLIT

◆ RETAIL   ■ WHOLESALE

	2017	2018	2019	2020	2021
RETAIL	45%	50%	55%	57%	62%
WHOLESALE	55%	50%	45%	43%	38%
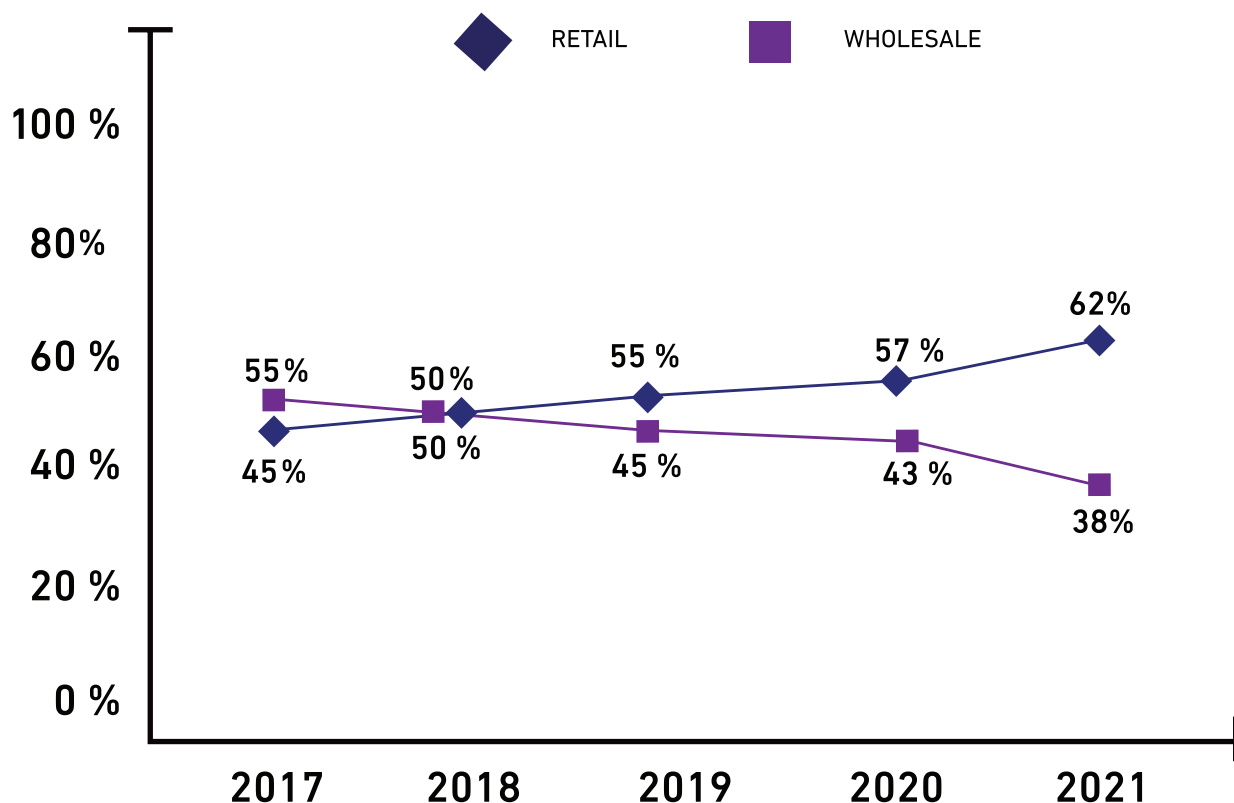
FIXED RETAIL MARKET LEADER - HOME & CONSUMER

Telecom Egypt continues to hold the lion's share of the fixed retail market in Egypt with exceptional infrastructure, coverage, products & offers that cater to all market segments both geographically and economically.

FIXED BROADBAND KPIS

7.8 mn subscribers

16% ↑ YoY in subscriber base

To cater to higher segment premium needs and the "new norm" of increased data usage, Telecom Egypt introduced a 200 Mbps speed broadband package under WE SPACE family. Two other bundles were introduced later in the year: a 400 GB super package (eligible for speeds up to 30 Mbps) and a 600 GB mega package (eligible for speeds up to 70 Mbps). In addition, the company introduced a new super vectoring router that supports higher coverage and speeds (up to 200Mbps).

In addition, a special annual package "WE SPACE SA7EL" was introduced to cater for the north coast touristic villages. The package comprises a 1TB quota to be used all year long, paid for once, and topped-up as needed.

Telecom Egypt also introduced "WE LIFE", a triple play package that converges data, voice and video services on an IP based network. This post-paid one-stop-shop service is mainly offered in gated communities as it helps reduce capital expenditure by using one network to deliver all three services.

FIXED VOICE

Furthermore, the company managed to expand its fixed voice base by launching year-round offers and developing the fixed voice product portfolio by (i) providing fully integrated bundles comprising fixed voice & fixed broadband services, and (ii) enabling customers to request new fixed lines and/or amend existing packages via the website and IVR service.
Consequently, the number of fixed voice subscribers grew by more than 12.5 % in 2021.

FIXED VOICE KPIs

9.8 mn subscribers

**13 % ↑ YoY
in subscriber base**

GAME-CHANGING MOBILE PACKAGES

Although Telecom Egypt launched its mobile business in 2017, the company has proven its ability to rapidly gain ground, capturing 10% of the market in four years--reaching almost 9.4mn subscribers at the end of 2021. In July 2021, the company disrupted the market with a game-changing offer for Kix and Tazbeet customers, whereby customers can call other operators for 1 unit instead of 5 units (cross-net). Such offers, combined with customer-centric competitive "Control" mobile packages and a variety of specially-tailored data packages target the tech-savvy youth. We have also added economical packages for mega project beneficiaries. Meanwhile, with the continued investment in mobile towers and broadband frequency, Telecom Egypt has been able to increase its offloading capacity while still accommodating for this growing customer base without interrupting the level of service. This has resulted in a healthy mobile ARPU, improved overall marginality, and competitive dataa penetration across our customer base.
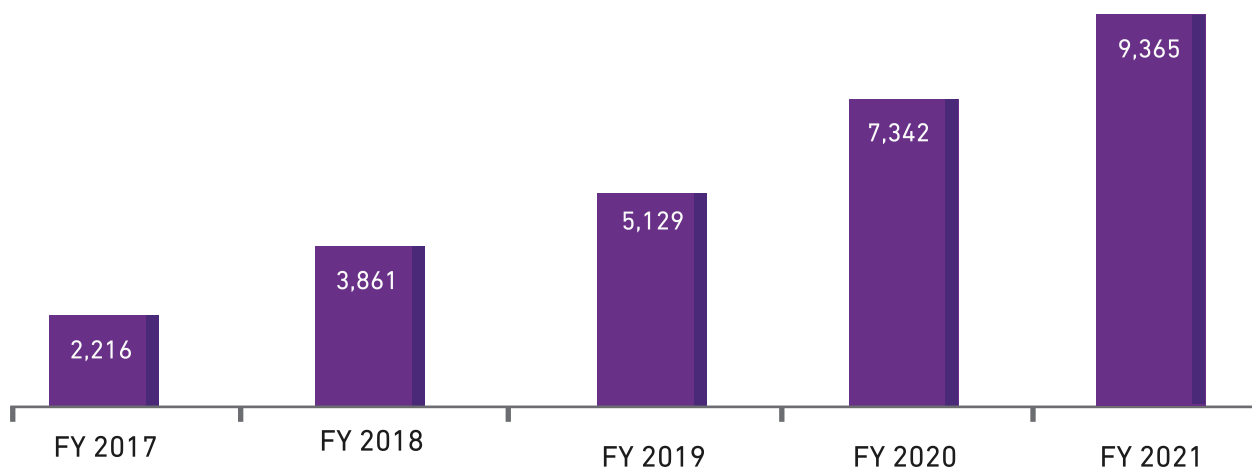
We Mobile Customer Base
In 000s

FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
2,216	3,861	5,129	7,342	9,365

DIGITAL SOCIAL INCLUSION

Telecom Egypt is installing fiber optic cables (as part of multiple mega projects) to homes, schools, hospitals, service centers, and other locations across the nation as part of its relentless support to a number of national strategic initiatives, particularly in the area of digital social inclusion. With the full digitization of government services, the provision of telecom services in the future will set the ground for extra potential monetization of such investments. Meanwhile, 3.5 million SIM cards were granted to Takafol and Karama beneficiaries with a free bundle comprising 25 minutes to other WE lines, 15 SMSs and 100 MBs per month. The aim is to render full telecommunication services, particularly for groups most in need. However, it is worth mentioning that some of these customers gradually migrate to other rated bundles.

ENTERPRISE SOLUTIONS – A BUSINESS GOLDMINE

The pandemic has catapulted organizations across industries to prioritize enhancing their digital connectivity. Post Covid, micro, small and medium enterprises have also become very dependent on connectivity to stay in business; according to global sources, Egyptian consumers increased their online activity following the pandemic, as witnessed elsewhere around the world. The fast-paced, evolving economy has made it clear that telecom enterprise solutions are vital to improving business processes, increasing productivity, improving customer satisfaction, boosting the marketing strategy, reaching a wider market, and reducing operational costs.
Being an enabler of connectivity, Telecom Egypt has focused on this golden B2B growth story to increase its other enterprise revenues by offering infrastructure as well as agile and intelligent managed services, IoT, and storage and security solutions to private and government institutions and businesses to expand its footprint.

Meanwhile, fixed and mobile enterprise services reflected the increased market demand with revenues and operational KPIs improving across the board.

ENTERPRISE OPERATIONAL KPIS – FIXED VOICE AND BROADBAND CUSTOMERS (IN 000S)

2021

274

248

Double-play with fixed voice customers

NO. of Enterprise SPs

1.203

1.224

2020

- Fixed voice
- broadband

Internet of things

IOT
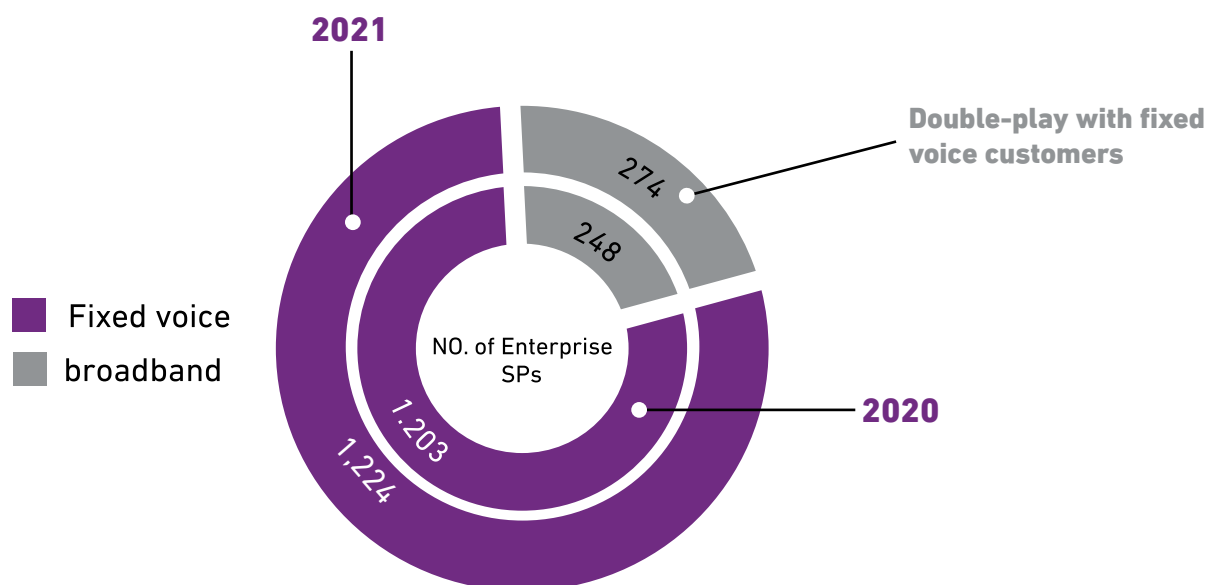
ON TRACK WITH DIGITIZING EGYPT

Keeping in line with Egypt's Vision 2030, we completed the second implementation phase of Egypt's digital transformation initiative by connecting 4,547 sites with fiber access points, valued at about EGP 1bn. The third phase comprises 5,000 sites, valued at EGP 1.04bn. Once completed successfully in 2022, we hope to acquire another 8,000 sites in phase four, valued at approximately EGP 2.2bn. The total project is valued at an estimated EGP 4.5bn.

We are also on track with cloud projects, having substantially increased the number of virtual machines from 640 in 2020 to approximately 13,500 in 2021. This increase in virtual infrastructure will help government agencies to transition from paper-based transactional models towards online, integrated digital offerings that enable citizens get their official paperwork done efficiently and reduce congestion at government offices. The five main outlets that provide digital government services to citizens include the Digital Egypt platform, mobile applications, call centers, post offices and citizen service centers.

Key projects include:
1. Health Insurance portal
2. Digital Egypt portal
3. Civil Court portal
4. National elections portal
5. Prosecution portal

Furthermore, we hosted a virtual private branch exchange system (PBX solution) in the new Administrative Capital, which covers all advanced communication services for the administrative buildings and ministries. The system allows SIP (Session Initiation Protocol) trunking and has the capacity to support up to 73k users.

CUSTOMER SATISFACTION FUELING MORE TO PROJECTS

Thanks to our positive B2B relationships, we were once again selected to provide more IoT solutions to Talaat Moustafa Group, with a contract to supply and install 1,200 surveillance cameras over fiber optic in Madinty.
We also signed cooperation protocols with Ora and Palm Hills Developers to provide infrastructure (including FTTH) and integrated telecommunication services for their real estate projects. The agreement with Ora Developers also grants Telecom Egypt and its subsidiaries the official and exclusive sponsorship of communications and internet for all major events and festivals to be held within the projects. Meanwhile, Badyā by Palm Hills is the first fourth generation city to be developed in west Cairo – the successful conception and initial experiment included the installation of smart meters, smart gates, monitoring systems etc.

NEW PLATFORMS TO FACILITATE BUSINESSES

Understanding the importance of simpler, faster communication, we launched the Omni-Channel & AI Communication platform to offer businesses an integrated set of digital applications and technology solutions. The highly flexible mix of integrated enablers facilitates the launching of marketing campaigns and daily communications between the business and its customers/ employees/partners. Communication channels include voice, SMS, 2-Way SMS over SC, USSD, OTT/chat apps and email). The platform is integrated with a user-friendly portal allowing the use of customized marketing campaigns to target the enterprises' customers/employees/ partners and process their data to build the "AI Analytics" from the captured feeds/responses/ reactions. The platform also has historical logging and restoring capabilities. Key customers using this platform include banking sector (e.g. Bank Misr, United Bank, Industrial Development Bank and Misr Digital Innovation) and non-banking SMEs and large enterprises.
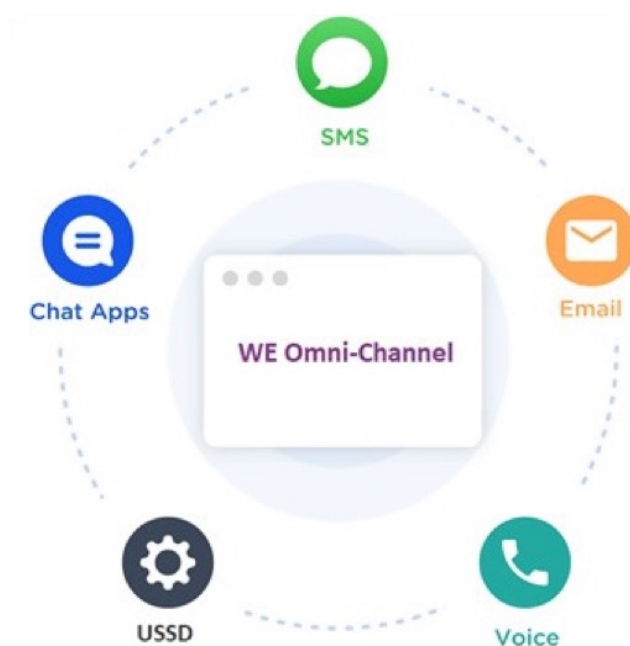
FEATURES OFFERED TO CUSTOMERS:

- Account Management
- Automatic Failover Campaigns
- Routing ProfiPricing/Policing Profiles
- Connections & Integrations Management
- Invoice Management
- Filtering & anti-spam FW

- Sender ID Management
- AI Module (preferred channel of choice)
- API translator module
- HLR Management
- Billing System
- Currency conversion
- Dashboards & Reporting

CUMULOCITY IOT PLATFORM

We also launched the Cumulocity IoT platform that allows the creation and operation of IoT solutions through various features. Users can create or integrate IoT apps with services available in the city or building, connect IoT devices to monitor live data, and run required actions according to device readings--creating and running real-time analytics and displaying them using interactive dashboards.

The platform includes certified software libraries; device management, data visualization and remote control functionality through the web; rapid customization of these functionalities through real-time processing and applications; and APIs for extending the existing functionality or interfacing Cumulocity IoT with other IT services such as ERP or CRM systems.

The Cumulocity IoT will also be able to host HTML5 applications. Once the support model is finalized, key customers will include gated communities, smart cities & manufacturers.

AWARD-WINNING ENTERPRISE SERVICES

Telecom Egypt won the Best Managed Services Partner Award during the annual Cisco Partner Summit held in November 2021.

LOCAL AND GLOBAL PARTNER OF CHOICE

The recent shifts in consumer behavior, stemmed particularly by COVID-19, have led to an insatiable drive for data, cloud, and digital services, which has presented Telecom Egypt with a golden opportunity to expand its domestic and international wholesale business.

By providing improved physical and virtual infrastructure as well as technological and commercial solutions, Telecom Egypt is not only contributing to the improvement of the country's digital ecosystem and enhanced connectivity for all end-users but is also on track to solidify its position as the premium digital hub.

WHOLESALE REVENUES 2020 VS. 2021

EGP 4.7bn
+12% YoY

EGP 4.5bn
+52% YoY

FY 2020
EGP 13.6bn
+18% YoY

EGP 4.4bn
Flat YoY

Sources of foregin currency

EGP 5.8bn
+25% YoY

EGP 4.2bn
-8% YoY

FY 2021
EGP 14.3bn
+5 % YoY

EGP 4.2bn
-3 % YoY

Sources of foregin currency

Domestic   ICA   IC&N
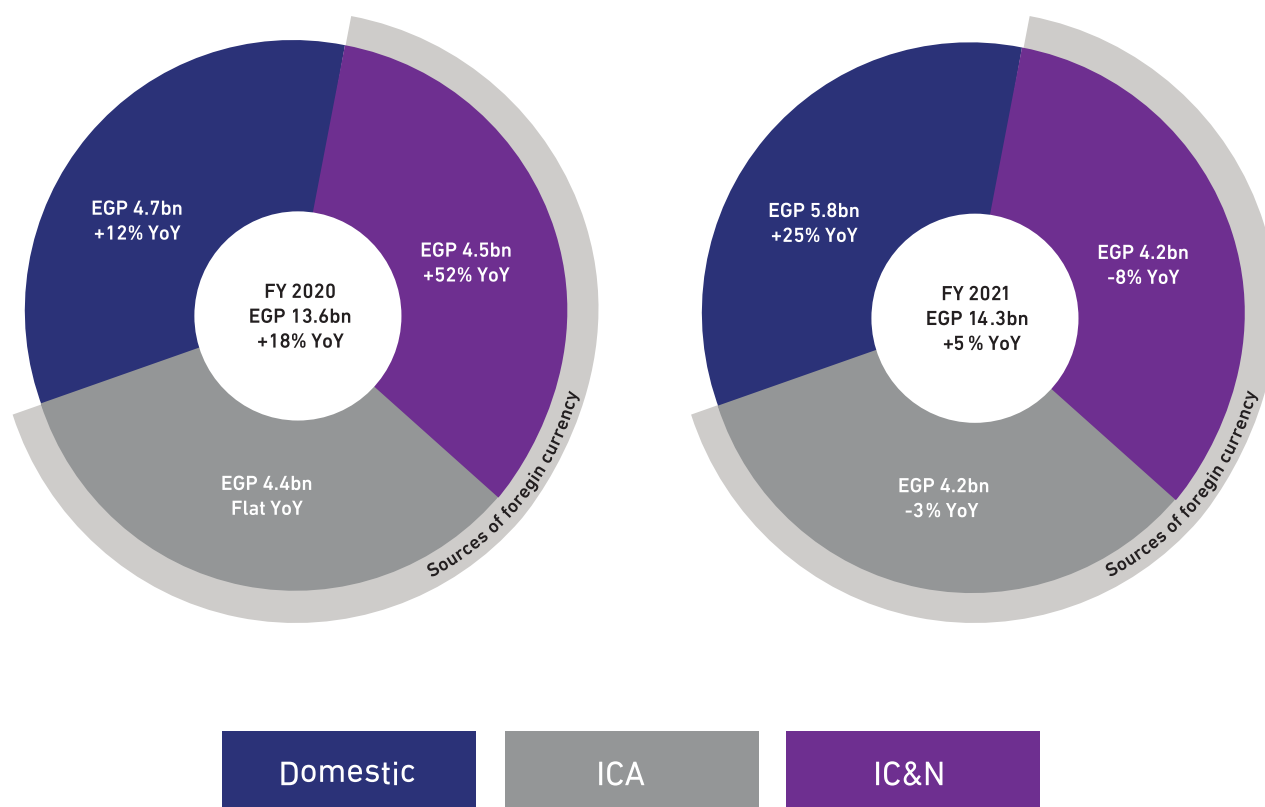
MONETIZING OUR WHOLESALE INVESTMENTS

With its extensive network infrastructure, cutting-edge technology, and nationwide workforce, Telecom Egypt has a significant competitive advantage, making it the most viable business alternative in the long-run for wholesale services to other market players.

Leveraging on this, Telecom Egypt managed to sign a number of agreements in 2021 to secure and provide new revenue streams in foreign currency, while at the same time renew existing agreements and improve customer relations. The most noteworthy is the 10-year IRU USD-denominated international connectivity services agreement with Vodafone Egypt. The two companies also signed a three-year contract for fixed broadband internet services (bit streaming) (which includes an annual commercial commitment in exchange for competitive discounts); and extended the current international voice agreement until 2025 (according to the new terms for incoming international calls.) Moreover, capitalizing on Telecom Egypt's mobile site expansion, the two companies also signed a Mobile Site Sharing service agreement.

In addition, Telecom Egypt finalized an FTTS arrangement with Etisalat Misr to secure another access service agreement.

To support business continuity, the company introduced new consumption and variable services by (i) developing an addendum to the high-speed access services (HS-UBBT) agreement with Etisalat Misr and Vodafone Egypt to introduce the 200 Mbit/s speed profile and (ii) signing an international toll free service agreement with all three local MNOs. This agreement is expected to secure foreign currency based on the scale of the service rendered to the Egyptian market.

AGREEMENTS WITH DOMESTIC MNOs SECURE A LONG-TERM REVENUE STREAM

EGYPT, A STRATEGIC GATEWAY

Although the telecom industry is experiencing a significant shift in the international calls business due to increased OTT and the challenges posed by the rise in illegal call bypassing, Telecom Egypt works tirelessly to secure its business by sealing attractive commercial deals with international operators, broadening its service scope, and implementing various system upgrades (LCR application & VOIP platforms). In 2021, TE reinforced its international presence through more than 20 bilateral agreements, with international carriers in Africa, Asia, Europe, and North America, reaching a total of +80 agreements.

Furthermore, the company is capitalizing on the momentum witnessed through Egypt's growing mobile customer base to generate more revenues, given the fact that TE's international gateway serves both Vodafone Egypt and Orange in the local market. In addition, its strategic position between East and West sets the tone for further monetization of the gateway by providing transit services to international carriers.

CONNECTING CONTINENTS AND BEYOND

LEVERAGING ON THE SUBMARINE CABLE DRIVE FOR MORE CONNECTIVITY

The surge in demand for more data also means a growing market for new fiber routes, more subsea or terrestrial cables, and more robust and resilient network infrastructure to cope with the increased demand and avoid any outage. Leveraging on its pivotal geographical location, as a major transit point between Asia, Africa and Europe, Telecom Egypt took a number of steps to expand its footprint in 2021 to fulfill the needs of both the national and international market. These steps cemented its position as one of the largest submarine cable operators in the region, bringing Egypt a step closer towards becoming a regional data hub and a strong contender in the global telecom landscape.
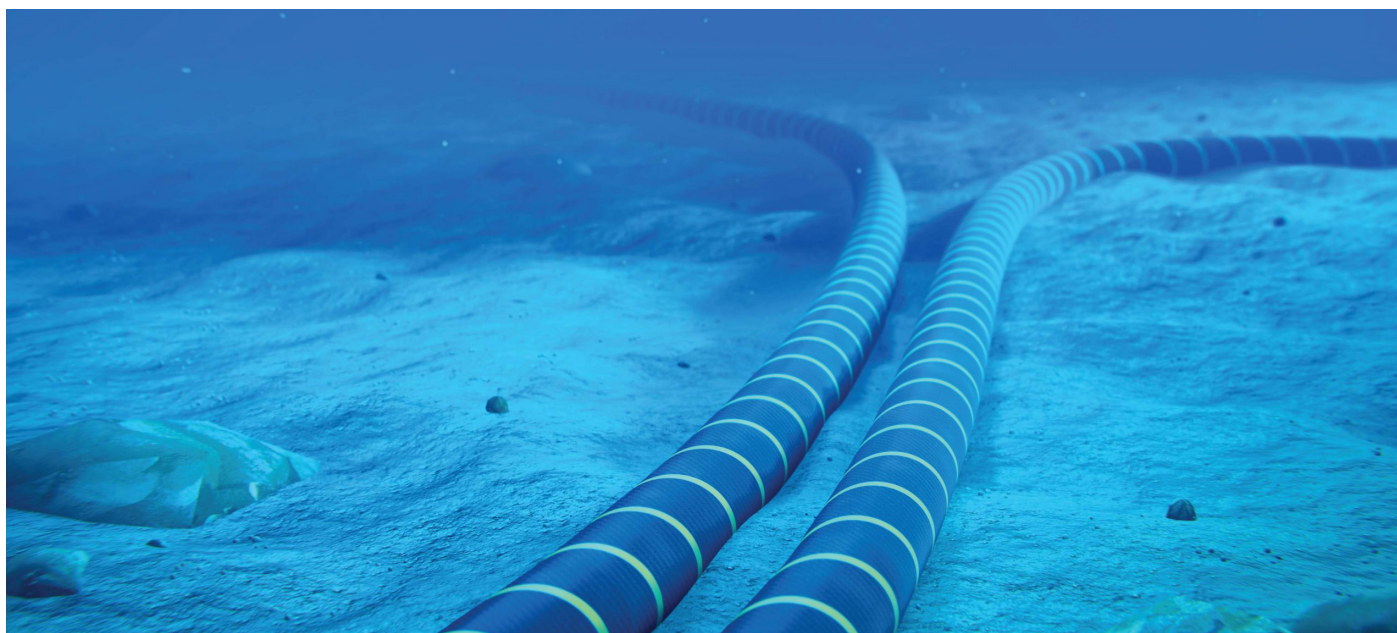
CABLE DEVELOPMENTS ON THE RISE

The company, along with the other parties of the 2Africa consortium, added 14 new landing points to the cable along the coasts of Africa and western Asia, extending the cable's reach to new African countries and the Arabian Gulf, India, and Pakistan, making it the longest subsea cable system ever deployed. Upon completion in 2024, the cable will have extended to 46 locations in 33 countries in Europe, Asia, and Africa.

In March 2021, Telecom Egypt announced the extension of its reach into Africa by connecting the continent's East and West coasts to Europe via Hybrid African Ring Path (HARP). Circling Africa, the harp-shaped submarine system will enable Telecom Egypt to extend its reach into the continent and establish open points of presence (PoPs) in various locations in Africa and Europe to serve its enterprise and wholesale customers and expand the company's international footprint. It also supports efforts by African nations for digital transformation of the continent.

In addition, Telecom Egypt signed Egypt-crossing agreements with both submarine cable systems: Africa-1 and IEX.

CABLE NETWORK MAP

End of 2021

- FEA (FLAG Europe Asia)
- ALETAR/BERYTAR
- SEA-ME-WE-3
- SEA-ME-WE-4
- FALCON/HAWK
- SEACOM
- TATA – TGN Eurasia
- TE North
- IMEWE
- GBI
- EIG
- MENA
- SEA-ME-WE-5
- AAE-1
- PEACE
- Equiano
- 2Africa
- Africa-1
- IEX
- Medusa
- EMIC-1
- SMW-6
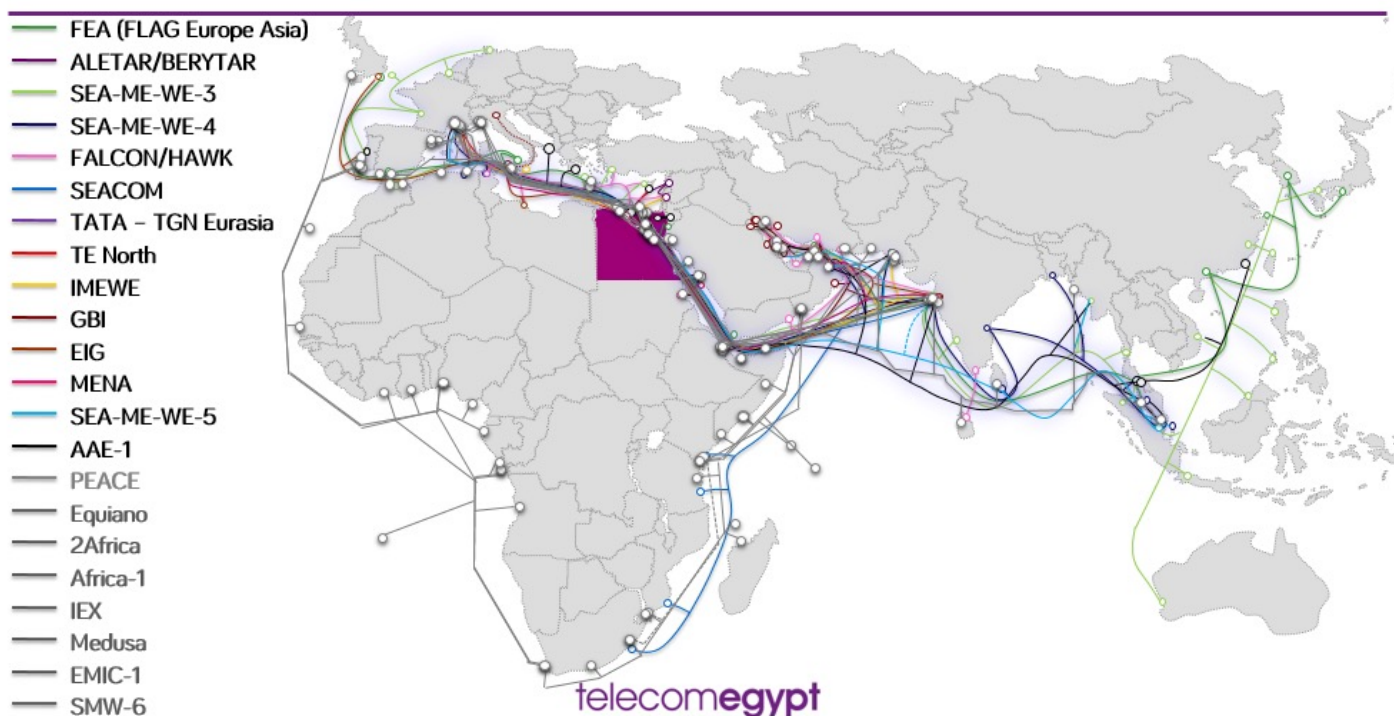
FUTURE EXPANSION PLANS

Devoted to offering its partners geographic diversity, Telecom Egypt is pursuing its plans to boost its international infrastructure by building new landing stations on the Mediterranean and Red seas that will be connected via new diverse terrestrial and subsea crossing routes. This has grabbed the attention of more and more global and international telecommunication players

Progressions	2009	2021	2025
Submarine Cables	6	13	18+
Landing Stations	2	11	16+
Trans - Egypt Div. Routes	4	10	15+

These planned routes will further improve the latency, reliability, diversity, and robustness of the international networks crossing Egypt. Telecom Egypt carefully selects the locations of its new landing station facilities, and accordingly builds them with especially tailored specifications. During this year, the company completed the establishment of Ras Gharib, Port Said, and Sidi Krir cable landing stations and renovated the Zafarana 1 station.

SECURING CONNECTIVITY ROUTES

INTERNET CORRIDOR OF EGYPT (ICE)

Telecom Egypt secured an agreement with the Suez Canal Authority to provide a new, highly secure 200km, one-of-a-kind crossing route connecting the new Suez 2 and Port Said 2 landing stations. ICE, the new terrestrial fiber optic route runs through Al Morshedeen route on the west bank of the highly-secured Suez Canal campus. Globally, ICE is by far the shortest link connecting subsea cables between the Red sea and the Mediterranean. This trans-Egypt crossing provides Telecom Egypt's partners with a new state-of-the-art route that provides a new level of resiliency and diversity to the company's crossing solution.

MESH SOLUTIONS
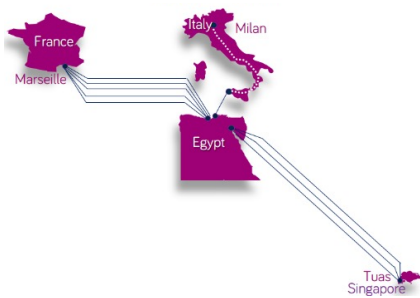
The company deployed Ciena's WaveLogic 5 Extreme coherent optical technology to maximize capacity along the Mediterranean segment of its MENA submarine cable system and Egypt's mesh network. MENA Cable, through the new technology, offers a new gateway to Telecom Egypt's Mediterranean mesh solution to Europe through Italy, in addition to the current one in Marseille.

This next-generation optical mesh network
• spans the Mediterranean, across Egypt, and all the way to Singapore.
• promotes network availability up to 99.999%.
• allows traffic to be rerouted seamlessly in less than 50 msec, when needed and if faced with any single or multiple failures.
• offers SLAs for lit fiber services, with an SLA portal.
• enables integrated network functions virtualization (NFV).

WORLD-CLASS DATA CENTERS

In 2021, Telecom Egypt completed the first phase of its 7th and largest data center facility (Smart Village B6) in Giza, Egypt. It has a planned capacity of up to 2000 racks in 4 data halls – with 400 racks currently in use. It was granted the Uptime Institute's Facility certification in 2021, with the Design certification set to be received in 2022. The new facility has prompted global content players to establish their regional PoPs in Telecom Egypt's hosting facilities to better serve the Egyptian and regional market.
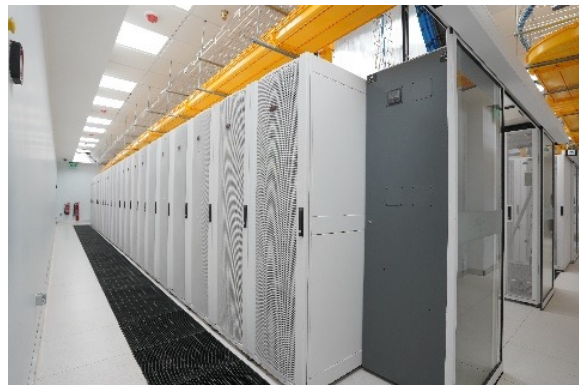
The digital data center in Cairo also received TIER III Uptime Institute's Facility certification, with the Design certification set be received in 2022.

GIVING BACK

ELEVATING OUR COMMUNITY – OUR SOCIAL RESPONSIBILITY

Although 2021 was still a challenging year due to the economic constraints and other repercussions of the pandemic, we continued to seize every possible opportunity to enhance the lives of Egyptian communities through our diverse social programs and initiatives.

INTEGRATING OUR CORE BUSINESS INTO SOCIETAL CAUSES

HEALTHCARE

• Working in line with the Government's strategy for a "digital Egypt", Telecom Egypt provides technical support to free-service hospitals to enhance the quality of healthcare facilities provided to citizens. The technical support includes providing high-internet speed and connectivity between branches or laboratories, hosting services to ensure the privacy of patient information, establishing call centers, as well as other telecom services. The hospitals, which received some or all of these services, include the Children's Cancer Hospital 57357, Baheya Hospital, Al Nas Hospital, Ahl Masr Hospital and Abu El-Rish El Yabani Hospital.

• In continuation of the Telemedicine Project, the company secured ICT services to link healthcare units in remote or underprivileged areas to major hospitals and medical centers around Egypt to help increase the efficiency of the healthcare system.

• Telecom Egypt also continued to support the President's "100 Million Health Initiative" by providing up to 6,000 data SIM cards to healthcare practitioners to ease bookings for check-ups and follow-ups.

TRAINING & EDUCATION

WE APPLIED ICT SCHOOLS

• Telecom Egypt successfully transformed six technical schools into WE Applied ICT Schools in various governorates. These are the first smart schools in Egypt for communications and information technology. Their aim is to qualify students for job opportunities in the ICT industry by raising the efficiency and quality of technical education and vocational training, in line with international quality standards and the labor market's needs.

WOMEN & YOUTH EMPOWERMENT

SUPPORTING THE PROGRAM "SHE LEADS"

• In line with its firm belief that women play an integral role in transforming industries and developing the economy, Telecom Egypt supported the graduation of 100 female leaders from various technical schools around Egypt. The graduates were divided into 27 teams of women entrepreneurs with small project ideas.

YOUTH LEAGUE STUDENT PLATFORM

• Telecom Egypt launched the first and largest platform in Egypt to showcase student projects from both private and public universities. About 50,000 students joined the program from all over Egypt, presenting more than 500 projects. The initiative included financial, technical, and media support, as well as training workshops and university lectures

YOUTH LEADERSHIP FOUNDATION

• In two years, the program has successfully chosen and qualified 50 leaders from a pool of 12,000 participants to join the labor market.

FINALIZING RESTORATION OF THE SULTAN HUSSEIN PALACE INTO A YOUTH CREATIVITY CENTER

• Telecom Egypt has finalized the restoration and transformation of the Sultan Hussein's palace into a youth center for creativity and entrepreneurship. The palace now also has fiber connectivity.

SUPPORTING PEOPLE WITH SPECIAL NEEDS

EMPOWERING SPECIAL NEEDS THROUGH TECHNOLOGY

• Under the WE Accessibility Initiative, Telecom Egypt designed a platform and several special-needs apps. These apps include illustrations and translated references for the hearing impaired and voice broadcast for the visually impaired.
• The company also hosted and upgraded the accessibility websites for the Egyptian National Council for Persons with Disabilities and the Ministry of Communication and Information Technology.

SUPPORTING AND SPONSORING THE EGYPTIAN PARALYMPICS TEAM, THE EGYPTIAN PARALYMPIC COMMITTEE, AND THE GLOBAL PARALYMPIC CHAMPION, AMR EL SOHAGY

• In continuation of its physical, moral, technological, athletic, and vocational support to the Egyptian Paralympics team, Telecom Egypt established 2 vocational training centers in the Red Sea and Fayoum governorates – amounting to a total of 14 centers all over Egypt.
• The issuance of 3,000 health cards – reaching a total of 8,000 health cards issued.
• The company sponsored the Egyptian team joining the Tokyo Paralympics 2021 and held a press conference and ceremony to honor the 6 Olympic medal winners.

COMMUNITY DEVELOPMENT AND AWARENESS CAMPAIGNS

FIRE SAFETY AWARENESS CAMPAIGN AND FIRE SPRINKLER INSTALLATION

• Telecom Egypt held an awareness campaign targeting 15,000 beneficiaries in Kafr El Sheikh and Sharkeya governorates. The campaign covered important fire safety issues and helped adults and students learn how to keep themselves and their families safe from fires. Ten fire sprinkler systems were installed in various schools and malls in these governorates.

SUPPORTING AND ENABLING PRODUCTIVE FAMILIES

• Telecom Egypt was a main sponsor for the Diarna exhibitions. More than 3000 exhibitors took part in the 9 events held in different governorates.
• In line with a protocol signed with the Ministry of Social Solidarity, Telecom Egypt trained 550 employees and 241 special needs persons to prepare them for the labor market. The protocol includes creating an online platform to market the products of the productive families' project.

MAIN EVENTS DURING 2021

Telecom Egypt provides Google with a TransEgypt meshed solution and Mediterranean capacity to Europe
04 January 2021

Telecom Egypt signed an agreement with Google to provide Google with the first-of-its-kind layer three-meshed solution on multiple Telecom Egypt's redundant and resilient Egypt crossing network infrastructure. As part of the agreement, Google will also be provided capacity on Telecom Egypt's Mediterranean submarine cable, TE North. The project is expected to go live in the first half of 2021.

Telecom Egypt and the Ministry of Social Solidarity sign an agreement to support Takaful & Karama
13 January 2021

This cooperation comes in line with the Ministry's endeavor to automate all the services it provides to the enrolled families and individuals across all Egyptian governorates through the implementation of a highly responsive and effective communication mechanism, in line with the envisioned digital transformation strategy of the "Digital Egypt" vision. Such a mechanism will lead to an improvement in data governance, reflect on service quality, and ensure that all requests and complaints are addressed promptly.
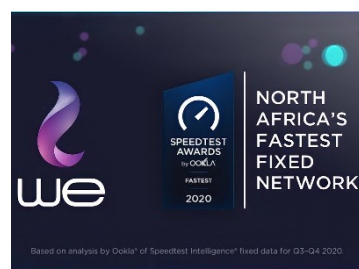
Telecom Egypt wins the award for the fastest fixed network in North Africa by Ookla®
28 January 2021

Telecom Egypt's (WE) fixed network was deservedly named the fastest fixed network in North Africa for the third and fourth quarters of 2020 for reaching average internet speeds of 32.66 Mbps, according to Ookla®, a world leader in measuring and evaluating internet speeds. Evaluations are based on a careful analysis of tests that are run by users through Speedtest®. This award confirms Telecom Egypt's keenness to support Egypt's digital transformation through its continuous investments in developing and upgrading its infrastructure.
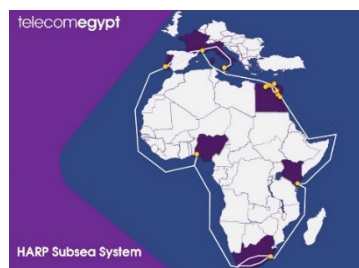
Telecom Egypt plans launching HARP, a new subsea system circling the African continent
03 March 2021

Telecom Egypt announces its plans to launch Hybrid African Ring Path (HARP) by 2023, a new subsea system that will outline the African continent, forming the shape of a harp. It will connect coastal and landlocked African countries to Europe through the company's widespread terrestrial and subsea infrastructure. Through HARP, Telecom Egypt will offer a wide range of capacity solutions, up to dark fiber, based on a layer two and layer three architecture that can connect multiple points on the system to one another.

Telecom Egypt raises its proposed dividend for FY 2020 in light of Vodafone Egypt's dividend distribution
22 March 2021
Vodafone Egypt approved a dividend of EGP 2bn, of which Telecom Egypt's share amounts to c.EGP 0.9bn. Accordingly, Telecom Egypt's BoD has proposed raising its dividend for FY 2020 to EGP 0.75 per share instead of EGP 0.50 per share, a 50% increase on the previously proposed dividend, representing c.50% of Vodafone Egypt's distribution to Telecom Egypt and a total payout ratio of 86% for Telecom Egypt. The dividend proposal will be discussed during Telecom Egypt's OGM that will be held on March 29, 2021.

Telecom Egypt and Vodafone Group sign a modified shareholders' agreement
07 June 2021
The modified agreement includes changes to Vodafone Egypt's ("VFE") dividend policy, whereby VFE will pay a one-time dividend of EGP10 billion to its shareholders during the 2021 calendar year, EGP 2bn of which was paid in March. The parties have also agreed on a minimum dividend payout ratio of 60% of free cash flow going forward.

Telecom Egypt launches VoLTE service in Egypt through its 4G network
29 July 2021
Telecom Egypt launches voice over LTE (VoLTE) service in Egypt through its 4G network in cooperation with key technology players and handsets providers like Ericsson, Nokia and Huawei. The new technology offers a high quality and convenient voice service that can connect up to five times faster than conventional voice calls and allow for simultaneously making voice calls while using 4G data services, without neither affecting the quality of the calls nor the speed of the data connection.

New branches for the 2Africa subsea cable system
16 August 2021
2Africa announced the addition of four new branches to the 2Africa cable. The branches will extend 2Africa's connectivity to the Seychelles, the Comoros Islands, and Angola, and bring a new landing to south-east Nigeria. The new branches join the recently announced extension to the Canary Islands.

2Africa Extended to the Arabian Gulf, India, and Pakistan
28 September 2021
2Africa announced the addition of a new segment – the 2Africa PEARLS branch – extending to the Arabian Gulf, India, and Pakistan. This extension will bring the total length of the 2Africa cable system to over 45,000 kilometers, making it the longest subsea cable system ever deployed.

Telecom Egypt secures a new USD 500mn medium-term syndicated loan
21 October 2021
First Abu Dhabi Bank PJSC ("FAB") and Mashreq Bank PSC ("Mashreq") were mandated as Joint Coordinators, Underwriters, Bookrunners, and Initial Mandated Lead Arrangers of the facility, similar to the medium-term syndicated loan obtained in October 2018. FAB is also the Facility Agent for the transaction and Mashreq the designated Account Bank and the Documentation Agent.
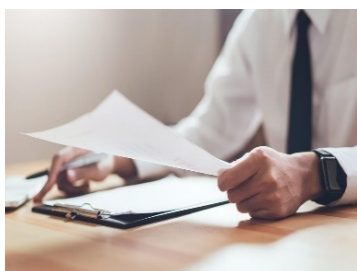
Vodafone Egypt informs Telecom Egypt of Vodafone Group's receipt of an initial offer to transfer its stake to Vodacom
09 November 2021
The current modified shareholders' agreement signed on 7 June 2021 by VFE's shareholders grants TE enhanced rights and benefits and allows VFG to transfer its shareholding in VFE within the broader Vodafone Group (as was 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.

CHAPTER FOUR

EMPHASIZING SUSTAINABLE GOVERNANCE

4

THE BOARD OF DIRECTORS

MAGUED OSMAN,
Chairperson of the BoD

Appointed as Chairperson of the BoD in March 2016, representing the government. Previously, he served as the Minister of Communications and Information Technology (MCIT) in the interim government in 2011. Osman is the Executive Manager of the Egyptian Center for Public Opinion Research "Baseera" and a professor of statistics at the Faculty of Economics and Political Science, Cairo University. He also served as Executive Director of the Information and Decision Support Centre from 2005 to 2011.

ADEL HAMED,
MD & CEO

Appointed as MD & CEO in January 2019, representing the government. Hamed was Chief International and Wholesale Officer since August 2017, having held various roles in Telecom Egypt over the span of 20 years. Hamed concluded several domestic and international agreements to secure and grow TE's revenue streams and enable the profitable operation of the mobile venture. He also played a major role in settling disputes with domestic operators alongside his major role in the purchase and monetization of MENA Cable.

RAMY MOHAMED ALI,
Non-executive member

Appointed in June 2020, representing the government. Army General Ramy Ali is the Chief of Staff of the Egyptian Signal Corps in the Egyptian Armed Forces.

MOHAMED NASR ELDIN,
Non-executive member

Appointed in July 2020, representing the government. He is the assistant ICT Minister for Global Information Infrastructure since May 2020. With an experience of over 19 years in the telecommunications sector, Nasr specializes in the planning, development, and operations of submarine cables and international networks. He previously held the position of Head of Subsea Cable Infrastructure at PCCW Global and was the Vice President of Cable Innovation, Planning, and Management as well as the Assistant Vice President of Cable Development for the Europe, Middle East, and Africa (EMEA) region.

MOHAMED SHAMROUKH,
SVP & CFO

Became Chief Financial Officer in July 2013 and a board member representing the government in March 2016. He has a well-rounded experience, having worked in various departments spanning operations, technical planning, corporate strategy, and finance in Telecom Egypt since 2002. As Director of Corporate Strategy from 2009 to 2013, Shamroukh built Telecom Egypt's long-term strategy and business plan to assess the acquisition of a mobile license.

HUSSEIN YOSRY AMIN,
Non-executive member

Appointed in March 2016, representing the government. He is the Director of the Kamal Adham Centre for Television and Digital Journalism at the School of Global Affairs and Public Policy, AUC. He works for many national and international Boards, including the Information Technology Institute & the World Congress for Middle East Studies. Amin is a well-known international scholar in the field of media and informatics and serves as a member of the Board of Advisors of prestigious international academic journals.

TAREK TANTAWY,
Non-executive member

Appointed in March 2021, representing the government. Tantawy has over 19 years of financial and leadership experience. He is currently the co-CEO and Managing Director of Palm Hills Developments. In 2002, Tantawy joined Telecom Egypt and assumed several leadership roles in which he led the privatization of Telecom Egypt through an international IPO and executed the acquisition of a 45% stake in Vodafone Egypt. In 2007, he assumed the role of Vice President and CFO of Telecom Egypt and from 2009 to 2011 he was the CEO and Managing Director.

TAREK ABOUALAM,
Non-executive member

Appointed in March 2021, representing the government. Aboualam has over 25 years of in the digital and technology management fields. He is currently the Co-Founder and Managing Partner of Glint Consulting, previously having co-founded and managed Soficom. In 2009, he joined Telecom Egypt as Senior Vice President and Chief International & Wholesale Officer. In 2012, he was promoted to CEO and Managing Director of Telecom Egypt.

He also served as a non-executive chairman and/or board member of several companies, including ItaliaOnLine, ITNet (Italy), Inty (UK), Telecom Egypt, Vodafone Egypt, TE Data, Xceed, Iqraaly, Mitcha, Wasla, Soficom (Egypt), Tellas (Greece), Tirocon (UAE), and Mobiserve (Egypt, UAE & Pakistan).

IBRAHIM HEIKAL,
Non-executive member

Appointed in July 2018, representing the company's labor union. Previously, Heikal was a member of the Egyptian Trade Union Federation, the Assistant Treasurer of the General Union, and the Youth Secretary of the Workers' Union of the Egyptian Trade Union Federation. He was also a member of the Workers University, and a member of the Board of Directors of the Employment Training Fund led by the Ministry of Manpower and Immigration.

AHMED ABOU ALI,
Non-executive member

Appointed as an independent board member in August 2012. Abou Ali combines Egyptian and US legal education and practice, with experience in banking, commercial, and corporate law in both markets. In the US, he was involved in several corporate financing, leveraged buy-outs, and corporate restructuring endeavors as an attorney with the Chicago law firm of Sidley & Austin. Abou Ali served as attorney of the Supreme Court of Egypt. He is also a partner in Hassouna & Abou Ali for legal consulting.

LOBNA HELAL,
Non-executive member

Appointed as an independent board member in March 2019. Helal is the Chairman and Managing Director of the Egyptian Mortgage Refinance Company (EMRC). She served as the Deputy Governor of the Central Bank of Egypt (CBE) responsible for monetary stability from 2015 to 2020. She also assumed roles in the Arab African International Bank, the Egyptian American Bank, and EFG Hermes.

MOHAMED SULTAN,
Non-executive member

Appointed as an independent board member in March 2019. Sultan has been serving as the Chief Operating Officer of the Commercial International Bank (CIB) since February 2015, and has led some of the bank's most strategic transformational programs. Prior to joining CIB, Sultan held the positions of Vice President of Branches Operations and Control Management at Mashreq Bank, and Country Operations Head at National Bank of Oman.

MOHAMED BARAKAT
Non-executive member

Appointed in March 2021 as an independent board member after having been a government representative since March 2017. Barakat is the Deputy Chairperson and Managing Director of the Arab International Bank since October 2014. He was a board member of the Central Bank of Egypt from December 2003 to November 2011, during which, he was a member of the Banking Reform Committee and the Audit Committee. Barakat served on the Boards of various financial institutions and committees, adding more than 40 years of banking experience to Telecom Egypt.

BoD changes in 2021

• Mr. Tariq Tantawy replaced Mr. Mohamed Barakat as a government representative on 28/3/2021.
• Mr. Mohamed Barakat was reappointed as an independent BoD member on 28/3/2021.
• Mr. Tariq Abu Alam joined the BoD on 28/3/2021.
• Army General Ramy Ali replaced Army General Bakr Elbaioumy as a member of the BoD on 14/7/2021.

THE EXECUTIVE MANAGEMENT TEAM

MOHAMED SHAMROUKH,
SVP & CFO

Became Chief Financial Officer in July 2013 and a board member representing the government in March 2016. He has a well-rounded experience, having worked in various departments spanning operations, technical planning, corporate strategy, and finance in Telecom Egypt since 2002. As Director of Corporate Strategy from 2009 to 2013, Shamroukh built Telecom Egypt's long-term strategy and business plan to assess the acquisition of a mobile license.

ADEL HAMED,
MD & CEO

Appointed as MD & CEO in January 2019, representing the government. Hamed was Chief International and Wholesale Officer since August 2017, having held various roles in Telecom Egypt over the span of 20 years. Hamed concluded several domestic and international agreements to secure and grow TE's revenue streams and enable the profitable operation of the mobile venture. He also played a major role in settling disputes with domestic operators alongside his major role in the purchase and monetization of MENA Cable.

MOHAMED ABO-TALEB,
VP for CCO

Appointed as MD & CEO in January 2019, representing the government. Hamed was Chief International and Wholesale Officer since August 2017, having held various roles in Telecom Egypt over the span of 20 years. Hamed concluded several domestic and international agreements to secure and grow TE's revenue streams and enable the profitable operation of the mobile venture. He also played a major role in settling disputes with domestic operators alongside his major role in the purchase and monetization of MENA Cable.

SEIF ALLAH MOUNIB,
VP for Int'l Wholesale

Appointed as Chief International and Wholesale Officer in May 2019, having spent 17 years assuming multiple key positions within Telecom Egypt. He was most recently Telecom Egypt's Senior Director of International Wholesale as of March 2016. Mounib sealed several major deals in the submarine cable business, which served to secure a growing and strategic revenue stream for the company. He also led the turnaround of TE Data Jordan into a success story by positioning the company as a regional data hub.

MOHAMED AL FOWEY ,
VP for CTO

Appointed as Chief Technology Officer in July 2019. Prior to this role, Al Fowey was the Senior Director of Core Networks Engineering & Execution (since March 2018.) He was responsible for planning and implementing some of the company's major investment projects such as the acceleration of the fiber rollout in 2019, and the national digital transformation initiative. He played an instrumental role in automating, integrating, and developing different network operations. He was also among the main facilitators of the mobile launch in 2017 and enabled the provision of an unprecedented, fully converged telecom infrastructure.

ELHOSSAINI ADEL,
VP for CCO

Appointed as Vice President for Customer Care in October 2021, having been acting VP since 2019. During this time, he was in charge of standardizing call center processes and introducing new methodologies to enhance sales support, customer service, and secure multiple revenue streams. Prior to this role, he was the Project Manager of one of the company's major investment projects, 'Internet of Egypt', which involved accelerating Capex spending to reach 90% of the population with Fiber to the curb from 2019 to 2020. He began his career at Telecom Egypt in 2007 as Operations General Manager. Adel has held several managerial positions over the course of 14 years in the fields of transmission network operations and regional affairs.

ABDEBDELSATAR ELSHEIKH,
VP for
Regional Affairs
Officer

Joined Telecom Egypt as Chief Regional Affairs Officer in July 2019. Prior to this role, Elsheikh was the Senior Director of Regional Affairs responsible for several regions, including Suez Canal Cities, Upper Egypt, Greater Cairo, Alexandria, and the Delta. As a Telecom Egypt veteran with more than 30 years of experience in the company, he played an integral role in executing the accelerated fiber rollout program and the digital transformation projects. (He resigned at the end of 2021.)

TE'S GOVERNANCE SYSTEM

THE GOVERNANCE STRUCTURE

THE GENERAL ASSEMBLY

The general assembly (GA) is composed of all the company's shareholders, according to the rules and regulations stated in the company's Articles of Association. The GA elects the members of the board of directors (BoD), discusses the company's financial performance, appoints an external auditor, and approves the external auditor's assigned fees, among other rights and obligations.

ORDINARY AND EXTRAORDINARY GENERAL MEETINGS

An ordinary general meeting (OGM) is held at least once during the three months following the end of the financial year to discuss the company's overall performance. Decisions made in an OGM can only be ratified by a majority vote. An extraordinary general meeting (EGM), on the other hand, is assembled occasionally in response to specific events, such as making changes to the company's Articles of Association or changing its capital structure. Decisions in an EGM are ratified by a two-third majority vote or a supermajority vote of 75% of shareholders, depending on the nature of the decisions.

ROLE AND COMPOSITION OF THE BOD

Telecom Egypt's BoD is comprised of thirteen members, eight members representing the government including the chairperson and managing director, four independent members, and one member elected by the labor union. Serving the company for a term of three years, the BoD formulates Telecom Egypt's overall direction and strategy, ensures the preservation of the company's assets, and maximizes the wealth of its shareholders. It also monitors the performance of the executive management, ensures the effectiveness of the company's internal control systems, sets the administrative and financial goals to ensure efficiency, and determines the company's risk appetite. The BoD has formed several committees to maintain effective governance. It submits a detailed report of the company's annual performance to the shareholders during the OGM.

BOD MEETINGS

The BoD holds its periodic meetings in the company's premises or in one of its branches distributed across the country whenever required, depending on the request of the chairman or at least one-third of the board members. BoD annual meetings should be held at least four times every financial year. If a BoD meeting is held in a different place, all members should attend physically, virtually, or through written delegations to another board member, with a rule that the delegate member should represent no more than one absent member. For a BoD meeting to go into session, the majority of the members must attend, and at least one independent member must be present. BoD resolutions are issued based on a majority vote of attending members. In case of a tie, the chairperson's vote breaks the draw. According to Article 26, resolutions may also be passed in writing, provided that the resolution is unanimous.

THE CHAIRPERSON OF THE BOD

The chairperson of the BoD is the company's leading representative responsible for conveying the company's strategy to the shareholders and all other stakeholders. The chairperson serves for a maximum of two consecutive terms, three years each, and presides over all BoD meetings and ordinary/extraordinary GAs. His duties include the following:

• Ensuring that timely and adequate information is available to BoD members and shareholders
• Guaranteeing a robust decision-making process that is based on thorough knowledge of the BoD's discussion topics and implementing the proper mechanisms to oversee the company's performance
• Ensuring that the BoD is committed to fulfilling its duties in the best interest of the company
• Ensuring the effectiveness of the company's governance system and the committees of the BoD.

THE MANAGING DIRECTOR AND CEO

The BoD appoints one of its members as the managing director and CEO of the company. As a member of the BoD, the managing director and CEO develops and executes the company's strategic objectives and is responsible for the following:

• Implementing the company's strategy, as approved by the BoD, to enhance shareholder returns
• Presenting the company's yearly budget to the B, and all financial and operational periodic reports presented to the BoD
• Making administrative and financial decisions based on the approved annual budget
• Signing contracts, agreements, and MoUs on behalf of the company
• Ensuring that all departments implement and abide by laws, regulations, the company's by laws and policies, and the BoD's decisions.

INDEPENDENT BOARD MEMBERS

They guarantee that the interest of minority shareholders is presented and protected. Their presence fosters independent decision-making and the mitigation of conflict of interests that may arise. Non-state shareholders that own 1% or more of the company's shares nominate independent board candidates. Qualifications of an independent board member are as follows:

- The candidate should not have worked for the company, its subsidiaries, or any sister company in which Telecom Egypt is a shareholder within the five years preceding nomination.
- The candidate should not have had any material transactions with the company, its subsidiaries, or any sister company with shareholding in Telecom Egypt in a personal capacity or as a shareholder during the three years prior to appointment.
- The candidate must not be owed any fees or any additional amounts from the company, except for the remuneration provided to the directors, or be eligible for any share incentive, bonus, or retirement scheme.
- The candidate must not have any kin relationships, up to the fourth degree, with any of the directors or the managing director and his deputies.
- The candidate must not represent a material shareholding in the company.
- In the event that the non-state shareholders do not nominate four independent directors, nominate fewer than four independent directors, or nominate individuals who do not meet the aforementioned requirements, the BoD may nominate independent directors to complete the requisite number, provided they also meet the requirements set forth above.
- According to an amendment in Article 21, a juridical person may be represented by more than one BoD member. The number juridical person representatives are counted by the number of representatives present and each representative shall represent one vote.

In the event of electing more than four independent BoD members, cumulative voting is used to ensure proportional representation.
In all cases, any board member with a conflict of interest with the company should abstain from voting on any issue where there is a conflict or potential conflict of interest.

BOD COMMITTEES

To keep up with shareholder demands and corporate governance best practices, Telecom Egypt's BoD forms dedicated committees to oversee the company's performance.

THE AUDIT COMMITTEE

The audit committee oversees Telecom Egypt's financial reporting process and internal control system and ensures that they comply with all laws and regulations. The committee's responsibilities include the following:

- Auditing internal control procedures and ensuring their implementation
- Studying the adopted accounting policies and any updates that arise
- Reviewing and making recommendations on the financial statements to submit them to the BoD

• Nominating an external auditor to the BoD, reviewing its report on the financial statements, ensuring that it is independent and objective, and confirming that any comments and notes are considered by the management.

• Ensuring the submission of related parties' transaction reports to the BoD by an independent advisor and ensuring that such transactions are in the best interest of the company.

THE INVESTMENT COMMITTEE

The committee mainly focuses on fulfilling the company's strategy and maximizing its shareholders' wealth through establishing the company's investment policy, governing investment opportunities proposed by the management, overseeing the implementation of investment strategies, tracking the company's investment performance, and raising its recommendations to the BoD.

THE INCENTIVES & REMUNERATION COMMITTEE

The committee reviews and concurs the company's remuneration and compensation plans related to the CEO, vice presidents, and the senior management. Additionally, the committee evaluates performance based on these pre-determined plans to issue recommendations to the company's BoD regarding financial compensations.

LEGAL & CORPORATE GOVERNANCE COMMITTEE

The committee periodically evaluates the company's corporate governance system, drafts manuals, codes and policies to implement governance principles. The committee prepares the company's annual corporate governance compliance report and sets appropriate implementation measures of the governance principles. It reviews the company's annual and BoD reports, particularly disclosure and corporate governance-related items. It maintains, authenticates and follows up on BoD performance evaluation reports. Finally, the Legal & corporate governance committee also reviews and follows up on any governance remarks, taking any action as required.

GOVERNANCE AFFAIRS DEPARTMENT

The Governance Affairs department informs and follows up on the position of institutional cases for or against licensed operators in the telecommunications market. It monitors the essential principles and components that support the company's growth and development, and achieve the Board's strategy. It oversees the company's implementation of disclosure and transparency principles, conflict of interest, and governance culture. Using the company's code of ethics, the Governance Affairs department defines and enhances the company's overall framework and guiding principles, as well as establishes social obligations to the workforce and society in general. It ensures transparency, clarity, and fairness in dealing with all shareholders and supports relationships between the Board and stakeholders. It sets up internal governance guidelines and outlines policies covering employee relations, while contributing to the company's corporate governance compliance report. Finally, the Governance Affairs department creates the environmental, social and governance (ESG) framework focusing on sustainability issues. In 2021, the Governance Affairs department drafted and reviewed the company's Health & Safety policy and Corporate Social Responsibility policy. The policies were then submitted to the legal and governance committee for assessment and approval.

THE POLICY REVIEW COMMITTEE

The committee reviews and amends the company's internal policies, and Articles of Association, if necessary, to enhance internal controls.
This committee was merged with the legal & corporate governance committee on 17-2-2021.

THE SOCIAL RESPONSIBILITY COMMITTEE

The committee sets and updates the company's social responsibility strategy as required. It decides the direction of the company's social responsibility initiatives and projects and the best way to implement the social responsibility strategy to maximise the positive impact on the community. This committee came into effect on 29-3-2021 following the board's approval.

THE REGULATORY ENVIRONMENT

THE EXTERNAL AUDIT

Telecom Egypt is audited by KPMG, one of the big four accounting organizations, and the Accountability State Authority, appointed by the government. Both institutions are responsible for assessing the company's financial statements and providing assurances that they are presented fairly.

THE INTERNAL AUDIT

The internal audit department evaluates the company's internal control systems, and ensures that risk management, compliance, and governance processes are operating effectively. This department's responsibilities include the following:
   • Developing and implementing an annual risk-based audit plan that is reviewed and approved by the audit committee
   • Providing the audit committee with a list of objectives and achievements
   • Conducting the necessary investigations in cases of fraud and preparing reports that detail the violations
   • Ensuring that asset protection controls are effective (to avoid theft and misuse)
   • Submitting periodic reports to the executive management and the audit committee that summarize the results of internal audit activities

RISK MANAGMENT

The role of the risk management department is to preserve the company's physical and human assets for the successful continuation of its operations. It designs and implements an overall risk management process for the organization, which includes an analysis of the financial impact on the company when risks arise, as well as performing a risk assessment by analyzing current risks affecting the company and identifying potential risks.

COMPLIANCE

An independent function that identifies, evaluates, advises, and monitors the extent of the company's compliance to laws, regulations and internal policies. It also prepares reports on the risks of non-compliance, aiming to avoid sanctions, damage to the company's reputation, and all types of risks. The department regularly prepares reports that evaluate the company's compliance and submits them to the CEO and senior management.

Its main responsibilities include continuous follow-up and assurance of staff compliance with (i) obligatory laws, measures and supervisory regulations, issued by various entities, including governance systems and policies; and (ii) internal regulations, policies and statutes, including the code of ethics and professional conduct.

Policy review

The following policies were reviewed in 2021, in accordance with the obligations and controls of the Cyber Crimes Law No. 175 of 2018 and its executive regulations, as well as the Personal Data Protection Law No. 151 of 2020:

- The General Cybersecurity policy (presented to the Audit Committee in line with the controls and limitations imposed by the aforementioned laws)
- The Building Insurance Policy - Asset Management Policy - Compliance Policy mandatory requirements to obtain the ISO 27001 certificate)
- Health and Safety policy
- Corporate Social Responsibility policy

UPDATES TO CONTRACTS/MEMORANDUMS OF UNDERSTANDING/PROTOCOLS IN ACCORDANCE WITH LAWS, LEGISLATION AND EXECUTIVE PROCEDURES

Telecom Egypt's contracts were updated to include all the obligations and procedures stipulated in the Cyber Crimes Law No. 175 of 2018 and its executive regulations No.1699 of 2020, as well as the Personal Data Protection Law No. 151 of 2020.

CRISIS MANAGEMENT

The department contributes to achieving corporate objectives by formulating Telecom Egypt's crisis & disaster management and risk reduction framework. It predicts, manages, and responds to crises and disasters by developing various plans and execution mechanisms with concerned internal and external entities. It also raises crisis management, business continuity, and risk-management awareness across the company.

QUALITY MANAGEMENT

The quality management team regularly performs quality reviews to ensure that all departments comply with the company's quality and ethical standards. The team is concerned with fulfilling Telecom Egypt's strategic plan and objectives by ensuring that all company departments comply with general operational efficiency guidelines, and utilize available resources efficiently.

BUSINESS PROCESS MANAGEMENT

This department improves corporate performance by managing and optimizing the company's business processes. The business process management team and the quality management team work together closely to review, standardize, and develop regulations, policies, processes, procedures, work instructions, and forms for Telecom Egypt, setting the foundations for continuous improvement, including planning and obtaining quality certifications, quality models, and frameworks.

BOD 2021 ACTIVITIES

Q1- FROM 01 JANUARY 2021 TO MARCH 2021

Period highlights

• Modification of the Vodafone Egypt Shareholders' Agreement

Annual tasks

• Discussion of the management report for the financial year ending 31/12/2020
• Approval of the annual BoD report for FY 2020
• Reviewal of the corporate governance report for FY 2020
• Approval of the full year financials for the financial year ending 31/12/2020
• Approval of the external auditor's fee
• Calling for the AGM and EGM
• Modification of the dividend distribution proposal
• Approval of the full year financials in accordance with IFRS
• Appointment of Mr. Tarek Tantawy to the BoD, representing the government
• Appointment of Mr. Tarek Aboualam to the BoD, representing the government
• Reformation of the BoD committees

Other meetings

• Committee to review and amend the company's articles of association and regulations
• Investment committee
• Audit committee
• Remuneration and incentives committee
• Legal and corporate governance committee
• Joint committee (investment-audit)

Q2- FROM 01 APRIL 2021 TO 30 JUNE 2021

Annual tasks

• Approval of the Q1 2021 financials
•Joint committee (investment-audit)

Other meetings

- Audit committee
- Remuneration and incentives committee
- Legal and corporate governance committee
- Joint committee (investment–audit)

Q3- FROM 01 JULY 2021 TO 30 SEPTEMBER 2021

Annual tasks

- Discussion of the H1 2021 management report
- Approval of the financial statements for H1 2021
- Approval of the financial statements for the year ending 31/12/2020 in accordance with IFRS
- Acknowledgment of the appointment of Army General Ramy Ali as a member of the BoD, replacing Army General Bakr Elbaioumy
- Restructuring of the audit committee
- Restructuring of the investment committee

Other meetings

- Legal and corporate governance committee
- Investment committee
- Audit committee
- Remuneration and incentives committee
- Social responsibility committee

Q4- FROM 01 OCTOBER 2021 TO 31 DECEMBER 2021

Annual tasks

- Approval of the budget for 2022
- Approval of Q3 2021 financials
- Approval of H1 2021 financial statements in accordance with IFRS
- Discussion of the 9M 2021 management's report
- Approval of the bonus for 2022

Other meetings

- Remuneration and incentives committee
- Legal and corporate governance committee
- Investment committee
- Audit committee
- Social responsibility committee

Member Name	BoD Meetings	Audit Committee	Investment Committee	Incentives & remuneration committee	Legal & corporate governance committee	Social responsibility committee	Policy Review Committee	Joint Committee
Total meetings during the year	20	12	10	13	9	4	1	3
Maged Osman	20\20	3\10* 3\6	7\13	9\9	4\4	1\1	2\3	
Adel Hamed	20\20	9\12	9\13	8\9	4\4	1\1	3\3	
Ramy Ali	9/20 9/9	2\12 2\5	2\10 2\2					
Lobna Helal	19\20		10\10	1\13		4\4	3\3	
Ahmed Abu Ali	20\20			12\13	9\9		1\1	1\3
Mohamed Shamroukh	20\20	11\12	10\10	11\13	7\9	4\4	1\1	3\3
Hussien Yusri Amin	20\20		10\10	3\13 3\3		4\4		3\3
Mohamed Barakat	20\20	12\12						3\3
Mohamed Nasr Aldin	18\20		10\10	11\13				3\3
Mohamed Saed Sultan	19\20	12\12		13\13				3\3
Tarek Aboualam	13\20 13\13			10\13 10\10	7\9 7\7			1\3
Tarek Tantawy	13\20 13\13		4\10 4\4		7\9 7\7			2\3
Ibrahim Heikal	19\20				9\9			1\1
Bakr Albiumy	11/20 11\11	6/12 6\7	7\10 7\8					3\3

* Dr. Magued Osman joined the Investment Committee from 21/6/2020 to 29/3/2021
   (i) Two joint committee meetings were held for the investment- audit committees.
   (ii) One joint committee was held for the investment–audit–rewards&incentives committees.

Army General Ramy Ali was replaced by Army General Hany Mansour on 28/12/2021.
The boxes shaded in grey are for the members who attended a number of committees, whether as a result of changing the composition of the committees or due to restructuring the BoD.
The boxes shaded in blue are for the members who attended a number of committees as members assisted in attending the committees.
The joint committee consists of more than one committee which convenes when needed.

INVESTOR RELATIONS REVIEW

BUILDING CREDIBILITY WITH OUR INVESTMENT COMMUNITY

The main objective of our IR team is to build credibility by effectively controlling the flow of information between Telecom Egypt, its investors, listing-related regulatory bodies, and its stakeholders. The IR team maintains open and reliable communication channels to convey Telecom Egypt's equity story. It also aims to strengthen the company's position in the market and attract more shareholders and investments. Furthermore, it establishes a link between executive management and the financial community with a view to strengthening the relationship of executive management with analysts and stakeholders. Through its various bi-lingual publications, the IR function provides financial and non-financial information related to the company to the board of directors, executive management, shareholders, and analysts. Immediately after the release of the quarterly financial statements, the IR team arranges a conference call between the executive management and analysts to go over the findings of the financial statements and answer any questions that analysts might have about the company's performance. The call transcripts are subsequently made available (in English) on the corporate website as reference for the shareholders and the public.

Over the past few years, the IR function has been transformed to better serve stakeholders and increase transparency and disclosure, which is consistent with the company's broader focus on customer centricity.

Telecom Egypt's publications include the following:

- **A quarterly corporate presentation** – provides a complete overview of the business and its strategy.
- **A quarterly earnings release** – provides an in-depth analyses of the period's trends.
- **A quarterly results presentation** - explains all trends and developments.
- **A fact book** - includes all historical operational and financial information to help analysts and investors create their financial models.
- **An integrated annual report** - provides a comprehensive view of the company's strategy, management, business updates, and financial performance.
- **Disclosures** – BoD disclosures are regularly disseminated to the regulatory bodies and the AGM and OGM resolutions are posted on our portal.
- **Press releases** – cover the Telecom Egypt's latest material news and developments.

Free float distribution
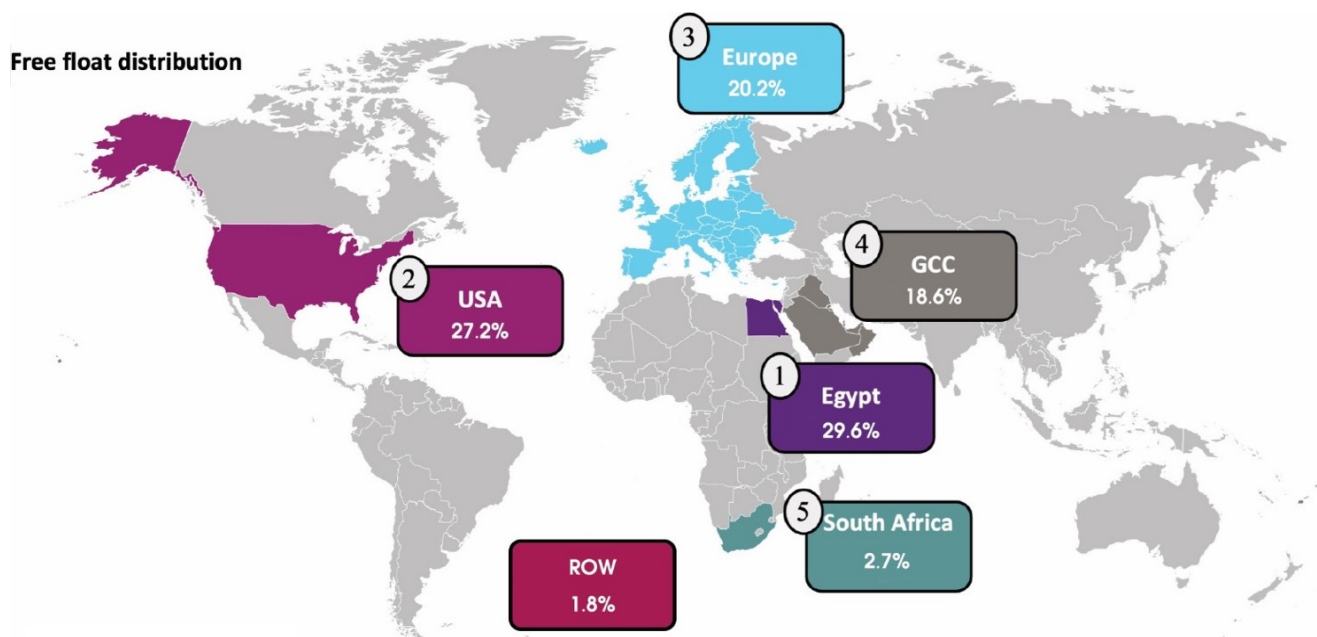

Data as of 31 December 2021

ENHANCING OUR REACH THROUGH MULTIPLE CHANNELS

In our efforts to be reachable across multiple channels and cater to the growing demand from the investment community, we enhanced our digital media platforms by launching the investor relations portal, which provides all the financial information and company updates through a user friendly and regularly updated interface in both English and Arabic. We also use social media (through our Facebook page) to enhance our reach to retail investors. Additionally, the investor relations team is accessible over the phone, email, as well as in-person and virtual meetings.

ACTIVE INVESTOR RELATIONS FUNCTION

The investor relations team plays an active role in building a communication channel between the company and the investment community by organizing analyst days and roadshows, hosting conference calls, attending conferences in different locations, and targeting potential investors. These events also help to attract the interest of potential investors. The IR team also holds individual meetings with local and international potential investors and existing shareholders.

Total Shareholders

telecom**egypt**®
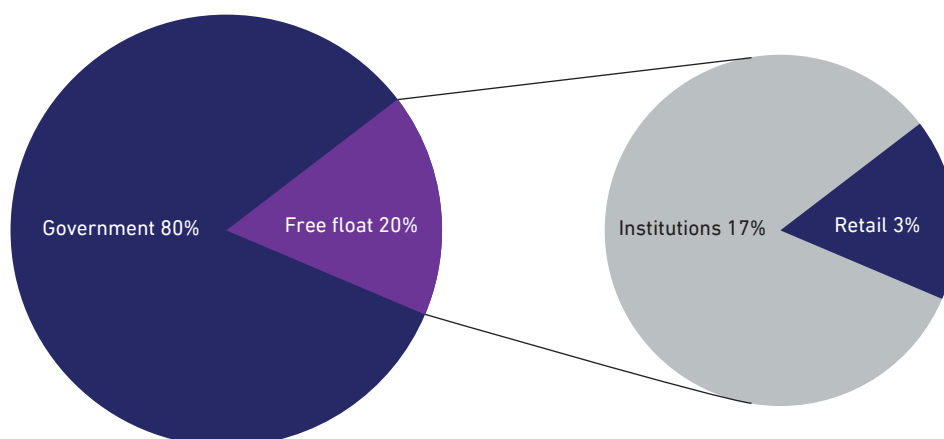
Total investor interactions in 2021

- Call- CONF
- Call- IN
- Email Query
- Meeting -OFFICE
- Call- Out
- Whatsapp-IN
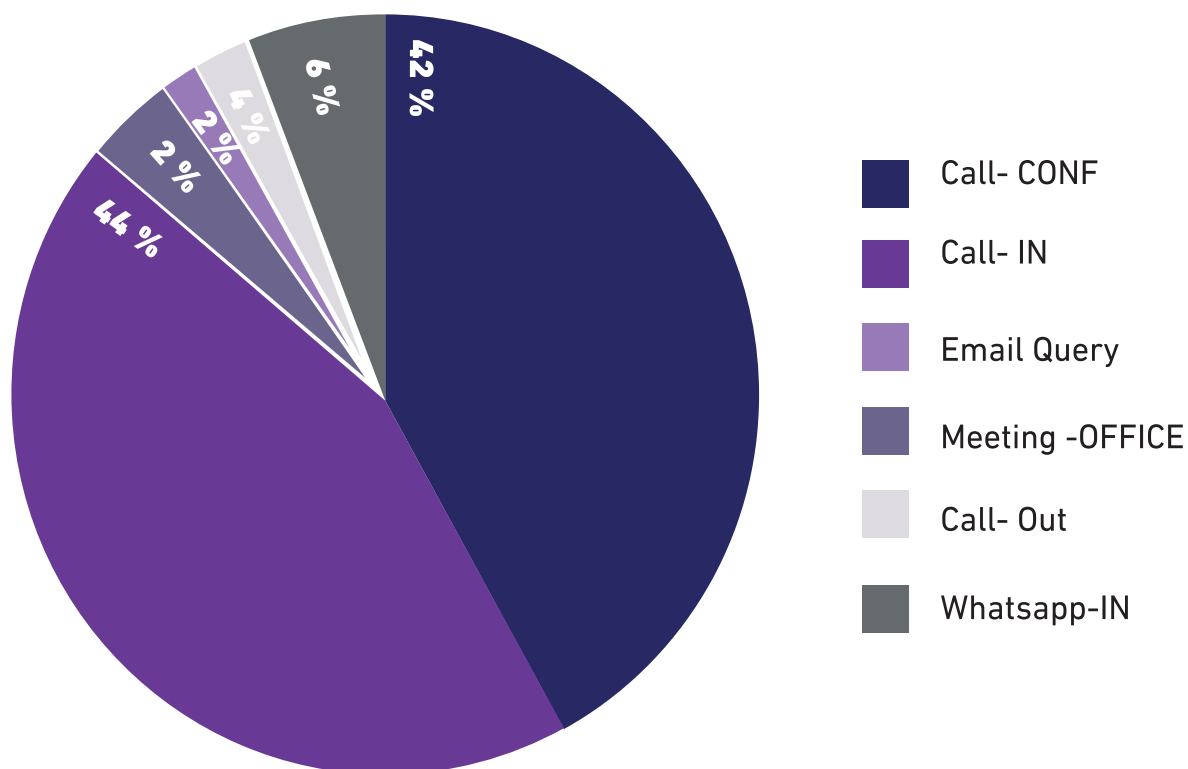
Total Interactions | **390**

Investors and analysts | **103**

INVESTOR RELATIONS TEAM

To improve our reach, we have put together a well-rounded investor relations team catering to all stakeholders, along with a cross-functional investor facing team, who interact and provide investors and analysts with a full picture of TE's strategy and fundamentals across multiple channels.

CROSS-FACING TEAM

TAREK ABDELHAMID

SENIOR DIRECTOR CONSUMER SALES & MARKETING

Abdelhamid has a record of accomplishment in launching green field operations and group management. He joined TE in August 2017, coming with experience in different maturity phases of the industry, having served in the senior management teams of Orange Egypt, Orascom Telecom Holding, Etisalat Group, and Ooredoo Group. Abdelhamid is a London Business School Sloan Fellow and holds a MBA from Maastricht School of Management.

WAEL HANAFY

SENIOR DIRECTOR OF FINANCE

Hanafy joined TE in 2002, growing in the company to coordinate several finance functions, including budgeting, cost reduction, deals with other operators, and vendor and banks relationship management. He also manages the financial operations of TE's international arms in France, Singapore, and Jordan. Hanafy is a Certified Management Accountant (CMA) and holds a Bachelor of Commerce from Helwan University.

SARAH SHABAYEK

SENIOR DIRECTOR OF INVESTMENT AND DECISION SUPPORT, AND HEAD OF INVESTOR RELATIONS

Shabayek joined TE in November 2017, coming with over 10 years of experience in sell-side research in several local and regional investment banks, having covered 17 telecom operators in 35 countries in the Middle East & Africa. She was ranked by Extel Surveys as the top telecom research analyst for three consecutive years from 2015-2017. Shabayek holds a Bachelor of Business Administration from the American University in Cairo.

CHAPTER FIVE

CONNECTING THE NUMBERS

Connecting a matrix of intricate details

5

FINANCIAL PERFORMANCE

Income Statement (EGP mn)	2017	2018	2019	2020	2021	CAGR
Revenue	18,567	22,771	25,805	31,912	37,088	19%
COGS	(7,290)	(9,666)	(10,038)	(11,454)	(12,804)	15%
Gross Profit	11,277	13,105	15,767	20,458	24,284	21%
G&A expenses	(499)	(615)	(678)	(717)	(894)	16%
% of revenue	-2.7%	-2.7%	-2.6%	-2.2%	-2.4%	
S&D expenses	(533)	(1,398)	(1,499)	(1,755)	(1,696)	34%
% of revenue	-2.9%	-6.1%	-5.8%	-5.5%	-4.6%	
Employee costs	(5,061)	(5,216)	(7,757)	(6,861)	(7,501)	10%
EBITDA	5,184	5,876	5,834	11,126	14,193	29%
Depreciation & Amortization	(2,105)	(2,650)	(3,606)	(5,165)	(6,135)	31%
Other income (expense)	(1,056)	147	321	(63)	328	
Operating profit	2,023	3,373	2,549	5,897	8,386	43%
Income from direct investments	2,337	2,201	2,833	2,206	3,343	9%
Net finance & interest income (costs)	(646)	(1,312)	115	(1,480)	(603)	
NPBT & Minority Interest	3,715	4,262	5,497	6,624	11,126	32%
Tax	(659)	(958)	(1,091)	(1,767)	(2,705)	
NPAT Before Minority Interest	3,056	3,304	4,406	4,857	8,421	29%
Minority Interest	(4)	(7)	(7)	(7)	(4)	
NPAT	3,052	3,297	4,399	4,850	8,417	29%
EPS	1.4	1.5	2.1	2.3	4.3	

Operational Highlights	2017	2018	2019	2020	2021
Revenue Growth	33.1%	22.6%	13.3%	23.7%	16.2%
EBITDA Growth	36.4%	13.3%	-0.7%	90.7%	27.6%
In-service CapEx/Sales*	40%	37%	49%	37%	27%
Net debt to EBITDA**	1.3	2.2	2.1	1.6	0.9
Operating cash flow (EGP mn)	4,649	3,496	2,991	8,297	16,015

*Excluding license fees paid 2017
**Adjusted for the ERP total cost of EGP 1.3bn

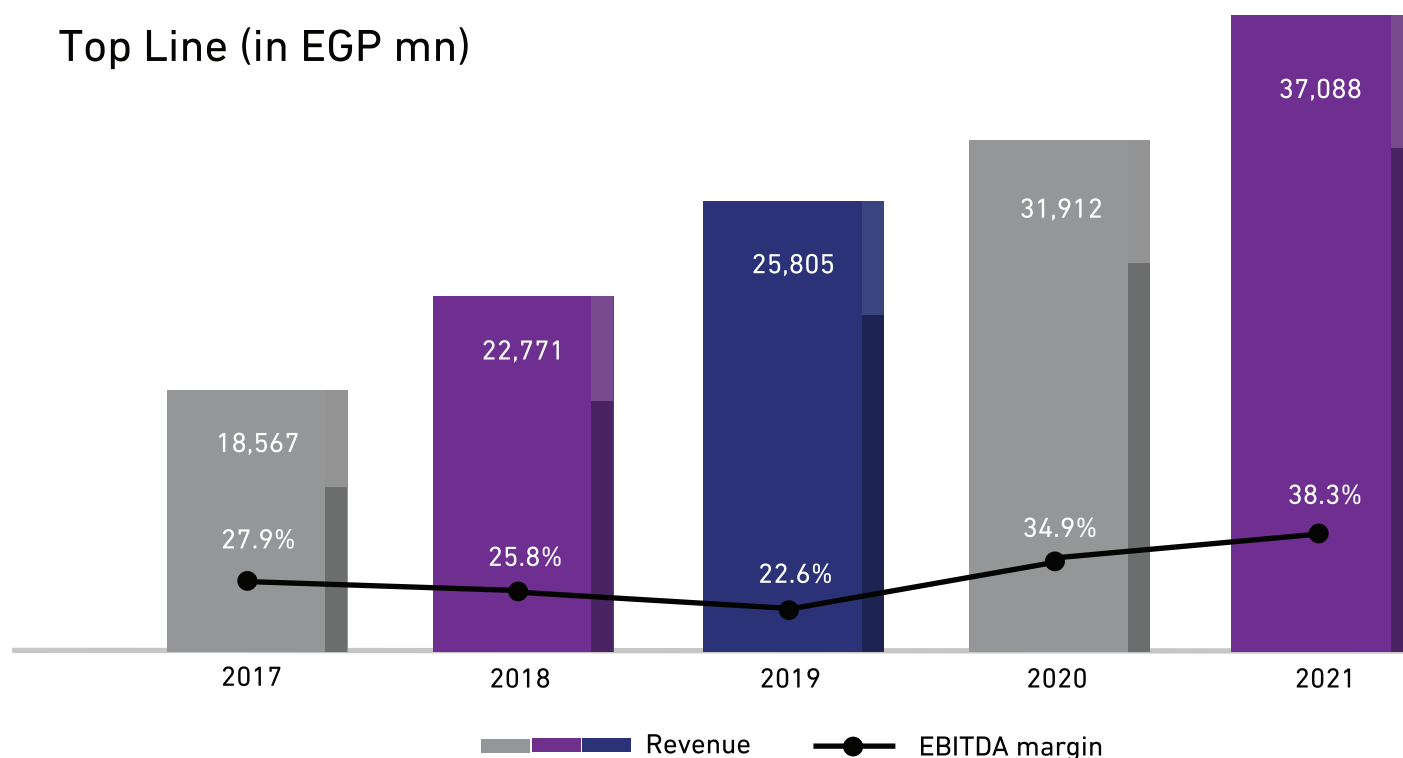| Customer Base (in thousands)	2017	2018	2019	2020	2021
Fixed Voice	7,145	7,865	8,676	9,850	11,014
YoY	10.5%	10.1%	10.3%	13.5%	11.8%
Fixed Data	4,070	5,237	5,807	6,947	8,027
YoY	20.3%	28.7%	10.9%	19.6%	15.6%
Mobile	2,216	3,861	5,129	7,342	9,365
YoY	0	74.2%	32.8%	43.1%	27.6%

FINANCIAL REVIEW

2021, CAPITALIZING ON THE MOMENTUM

Telecom Egypt's 2021 results showed outstanding performance across the board. Top line grew 16% YoY, mainly attributable to a 30% YoY spike in data revenue, while EBITDA climbed 28% YoY, recording a strong margin of 38%. Net profit hit a record-high of EGP 7.7bn, organically up 52%. 2021 clearly demonstrates that Telecom Egypt's strategy to reach financial and operational excellence is already bearing fruit, as the company continues to see growing margins translate to strong organic free cash flows of EGP 3bn, after excluding special dividends from Vodafone Egypt of around EGP 4bn.

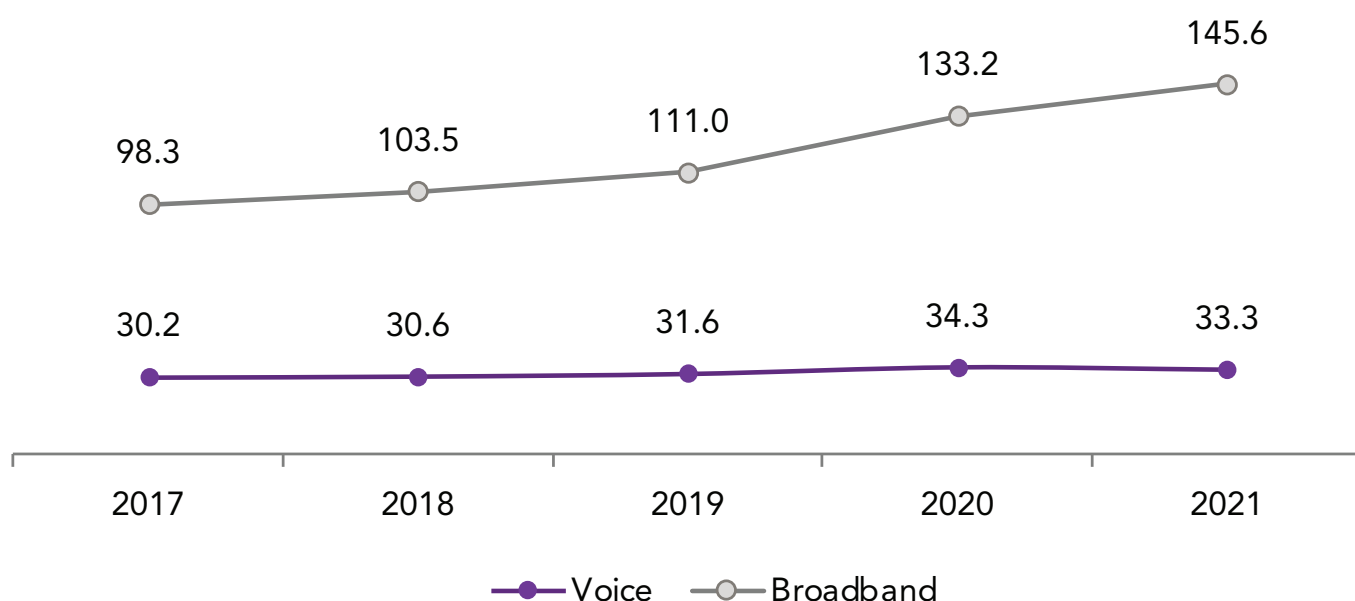### Top Line (in EGP mn)

Year	Revenue	EBITDA margin
2017	18,567	27.9%
2018	22,771	25.8%
2019	25,805	22.6%
2020	31,912	34.9%
2021	37,088	38.3%

Revenue — EBITDA margin

DATA KEEPS THRIVING

Data revenue continued to spike with a 30% YoY increase compared to FY 2020, representing 67% of top line growth. This remarkable performance is credited to the unique and valuable product offerings that cater to all customer segments, internal system upgrades, and the ability to capitalize on the company's distinctive infrastructure that spans both Egypt and the region.

FIXED ARPU (VOICE & DATA) %

	2017	2018	2019	2020	2021
Broadband	98.3	103.5	111.0	133.2	145.6
Voice	30.2	30.6	31.6	34.3	33.3

Voice — Broadband

EXPANDING AND MONETIZING OUR STRATEGIC INVESTMENTS

Telecom Egypt continued to contribute strongly to national digitization projects, including the new phase of the digital transformation initiative that involves connecting nationwide governmental buildings with fiber, in addition to the first phase of Hayah Karima, which involves connecting about 1,400 villages with Fiber to the Home (FTTH) technology.

In addition, Telecom Egypt continues its efforts to deleverage and decrease the cost of debt by utilizing its higher operating cash flows and the special dividends received from Vodafone Egypt. These dividends were a result of the new modified shareholders' agreement with Vodafone Egypt, which provides Telecom Egypt with greater visibility on its investment and expected returns going forward. To conclude, 2021 is evidence that Telecom Egypt is a forward-focused company committed to maximizing shareholder returns and enabling Egypt's sustainable development strategy.

CASH FLOWS AT ITS BEST

Telecom Egypt's both strong strategic and operational performance paved the way for the improved KPIs and the maximized earnings to be reflected in a strong cash flow position, in addition to the better CapEx rationalizing efforts in 2021.

That said, with Vodafone Egypt's dividends excluded, Telecom Egypt's FCFF turned to a positive of EGP 3bn in 2021, achieving a FCFF/EBITDA of 20%.

FCFF (in EGP mn)
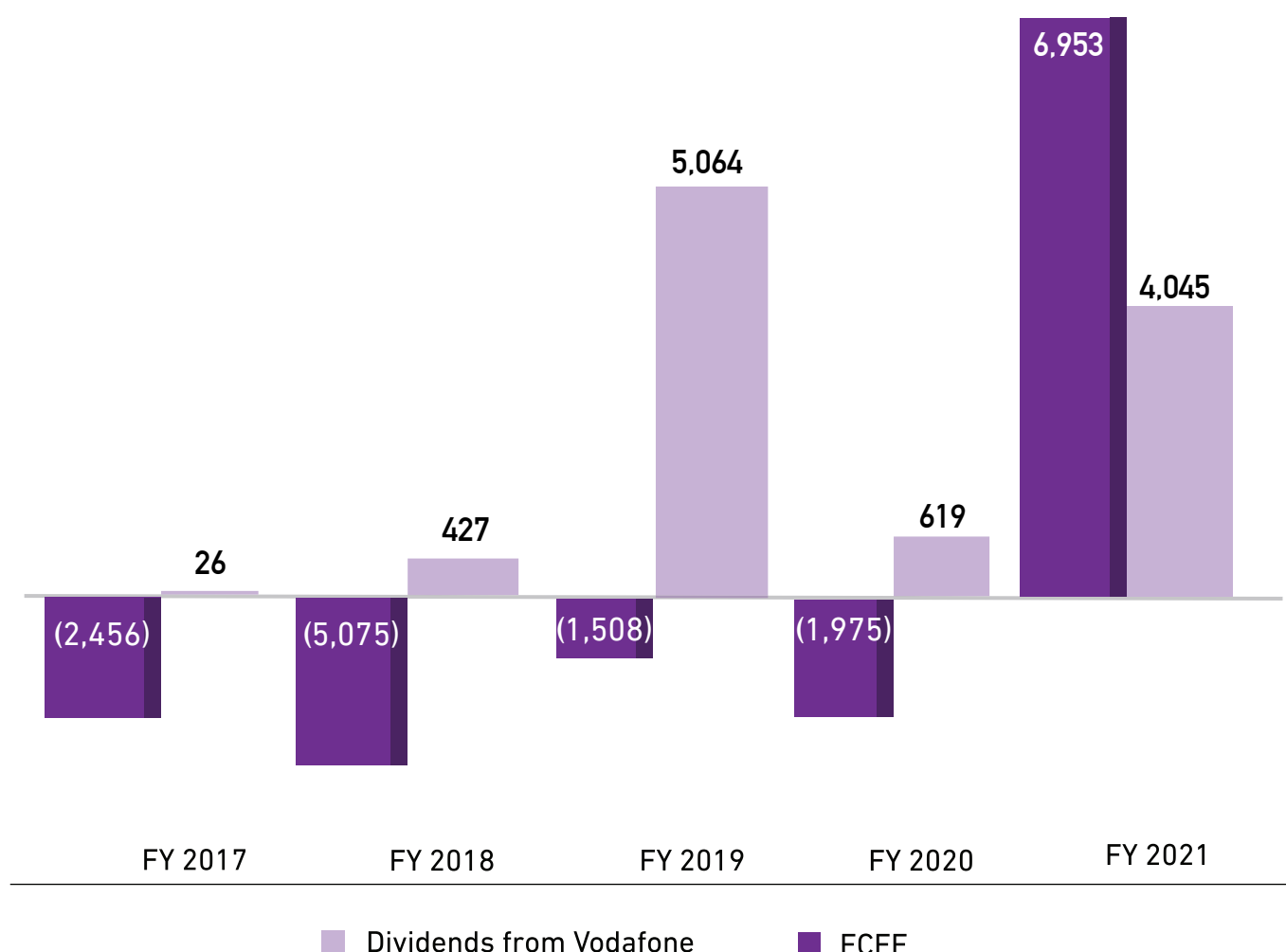
UNLOCKING HUGE INVESTMENT VALUES

Vodafone Egypt continues to be a profitable investment for Telecom Egypt as it has exhibited substantial growth in terms of revenue and customers and its dividends have supported the company's cash flows. This investment was further enhanced following the signing of a modified Shareholders' Agreement between Vodafone Group and Telecom Egypt in June 2021. The agreement includes changes to Vodafone Egypt's dividend policy, including a one-time dividend of EGP 10bn distributed to its shareholders during the 2021 calendar year, EGP 2bn of which was paid in March.

The main amendments, enhancing Telecom Egypt's rights include the following:

1- The right to buy Vodafone Group's shares in Vodafone Egypt, should the major shareholder change directly or indirectly, through the RoFR process
2- A committed minimum dividend policy for Vodafone Egypt of 60% of FCF starting 2022
3- Assistance by Vodafone Egypt management in a due diligence process in case of a full or partial sale by Telecom Egypt
4- A modified RoFR process allowing Telecom Egypt a longer RoFR duration and including an independent expert to perform a valuation report
5- A tag along option for a portion of Telecom Egypt's shares in Vodafone Egypt, not with standing any other rights under the Egyptian law including the right to accept an MTO
6- Information rights with regular disclosure to ensure visibility for Telecom Egypt on its investment in Vodafone Egypt

In case of a transfer to Vodacom and receiving a deed of adherence confirming its commitment to the shareholder's agreement, Telecom Egypt shall not exercise rights 1 and 5.

Dividends collected from Vodafone – net of taxes (EGP mn)	FY 2017 26	FY 2018 427	FY 2019 5,064	FY 2020 619	FY 2021 4,045

2022 OUTLOOK

Telecom Egypt released the budget for the fiscal year 2022 according to the following KPIs:
- Early double-digit revenue growth
- EBITDA margin in the mid-to-high thirties
- In-service CapEx-to-sales ratio in the mid-twenties
- Early double digit FCF/EBITDA (%) (includes dividends from Vodafone Egypt)

During 2022 and onwards, Telecom Egypt will focus on driving direct and indirect growth across the five business lines while capitalizing on the enhanced infrastructure services, international presence, and cost optimization efforts, which will ultimately filter through to healthy margins and higher profitability.

The CapEx cycle is expected to slow down due to nearly completing the copper-to-fiber replacement program. Management will aim to diversify investments to include the mobile network, data centers, and internal system upgrades to grow the service portfolio and enhance customer experience. In addition, the company will follow through with its financing strategy to deleverage over time while enhancing financing costs.

Telecom Egypt will strive to support maximizing shareholder value through strong operational cash flow, a clearly-defined Vodafone dividend strategy and CapEx rationalization efforts, while continuing to tackle its strategic goals of becoming a leading ICT provider and a facilitator of Egypt's plan to become a regional digital hub.

CLICK TO VIEW OUR 2021 IFRS CONSOLIDATED STATEMENT