

Taaleem Reports Q1-2021/22 Results

Revenues climb strongly year-on-year as more revenue days recognized, with growth filtering down efficiently to core profitability on back of successful cost control efforts.

Q1-2021/22 Financial Highlights

Revenue	Gross Profit	EBITDA	Net Profit
EGP 172 mn	EGP 121 mn	EGP 105 mn	EGP 72 mn
↑ 27% y-o-y	↑ 34% y-o-y 71% Margin	↑ 37% y-o-y 61% Margin	↑ 24% y-o-y 42% Margin

Operational Highlights

Licensed Capacity	Enrolled Students	Students Intake	Faculties
11.35k Students	6.1k Students	916 Students	8 Faculties
↑ 3% y-o-y	↓ 2% y-o-y 54% Utilization	↓ 48% y-o-y 80% Utilization	2020/21: 8 Faculties

Cairo, 13 January 2022

Taaleem Management Services (“Taaleem” or the “Company”, TALM on the Egyptian Exchange), one of Egypt’s leading providers of higher education services, announced today its financial results for the first quarter ending 30 November 2021 (Q1-2021/22). The Company reported revenues of EGP 171.7 million in Q1-2021/22, up by 27.3% year-on-year (y-o-y). Taaleem booked a net profit of EGP 71.9 million for the quarter, up by 23.7% y-o-y and yielding a net profit margin of 41.9% against 43.1% in Q1-2020/21.

Financial Highlights

- Taaleem recorded **total operating revenues** of EGP 171.7 million in Q1-2021/22, an increase of 27.3% y-o-y reflecting the recognition of more revenue days in Q1-2021/22 compared to the same quarter of the previous year.
- **Gross profit** booked EGP 121.3 million in Q1-21/22, up by 34.2% y-o-y as the Company successfully controlled operating costs during the period. Taaleem’s **gross profit margin** recorded 70.7% for Q1-21/22 versus 67.1% in Q1-20/21.
- **General & administrative (G&A) expenses** recorded EGP 32.2 million for Q1-21/22, a decrease of 1.6% y-o-y.
- Taaleem registered an **EBITDA** of 105.3 million for Q1-21/22, up by 36.5% y-o-y and yielding a margin of 61.3% versus 57.2% one year previously. **Adjusted EBITDA**¹, which normalizes for one-off expenses incurred during the comparable period, increased by 48.6% y-o-y during Q1-21/22, with the EBITDA margin climbing by 8.8 percentage points on an adjusted basis.
- The Company recorded a **net profit** of EGP 71.9 million for Q1-21/22, climbing by 23.7% y-o-y to yield a **net**

¹ Adjusted EBITDA normalizes for one-off expenses recorded during Q1-2020/21, including EGP 0.8 million discontinued operations and a gain of EGP 6.9 million from the write-off of a liability. No one-off expenses were recorded during Q1-2021/22.

profit margin of 41.9% versus the 43.1% booked for Q1-20/21.

- Taaleem held **total assets** of EGP 1,691.4 million as of 30 November 2021, up from EGP 1,596.3 million at the close of Q1-20/21. **Working capital**² recorded negative EGP 155.3 million as of 30 November 2021 against the negative EGP 326.6 million booked on 30 November 2020.
- Taaleem held **cash and cash equivalents** of EGP 254.1 million as of 30 November 2021, down from the EGP 361.8 million booked one year previously. Taaleem had no debt at the close of Q1-21/22.

Operational Highlights

- Taaleem's existing institution, Nahda University in Beni Suef (NUB), had 6,137 **students** in Q1-21/22, down by 2.2% y-o-y. **Intake** came in at 916 students for the quarter, a decrease from the 1,760 recorded for Q1-20/21.
- **Total available student capacity** at NUB rose to 11,350 from 11,035 one year previously, with the increase mainly driven by the reversal of the ministry-mandated capacity limit at the faculty of dentistry.
- Continued progress is being made toward establishing Taaleem's second institution, **Badya University** in West Cairo. The Company has received initial approval from the Supreme Council of Private Universities (SCPU) on the project, the university's design has been finalized, and Taaleem has submitted a comprehensive licensing file.

Management Comment

Taaleem has gotten 2021/22 off to a strong start. We are as confident as ever in the Company's value proposition, which is built on delivering value for students. The Company pursues the principle of focused, value-based differentiation, where we provide each market segment with a service offering that fully meets its requirements at the best price available. This model continues to be highly successful at our existing institution, Nahda University in Beni Suef (NUB), where we have witnessed very strong financial and operational growth during the first quarter.

The Company booked total operating revenues of EGP 171.1 million during Q1-2021/22, up by 27.3% year-on-year as we recognized 53 revenue days of a 97-day semester in Q1-2021/22 versus 45 days of a 111-day semester in Q1-2020/21. This progression indicates both the Company's operational efficiency and the sustained normalization of operational conditions in the aftermath of the COVID-19 pandemic. Meanwhile, despite a ramp-up of capacity utilization at our most recently launched faculties, Taaleem has successfully kept its costs under tight control during the period: the rate of revenue growth exceeded the combined increase in operating costs and G&A expenses by a 20.4 percentage points during the quarter.

Strong growth has efficiently filtered down to core profitability, with EBITDA climbing at a 36.5% rate during the period and the EBITDA margin increasing to 61.3% from 57.2% one year previously. Adjusting for nonrecurring items booked in Q1-20/21, the rate of EBITDA increase climbs even further to 48.6% for Q1-21/22. Even as the Company drives strong increases in core profitability, we are committed to investing in the finest student experience, with the focus of our CAPEX efforts during the quarter being the construction of the university hospital and outpatient clinics for NUB's newly launched physiotherapy faculty, now in its second year of operation.

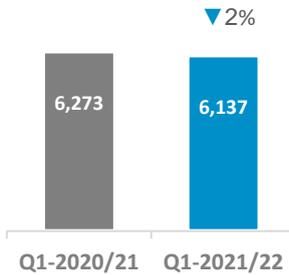
In Q1-2021/22, we have built a strong platform for further growth during the rest of the year. Coupled with a continued focus on cost-level efficiencies, we are confident that this growth will yield strong returns in terms of profitability. As ever, we are committed to pursuing growth in a manner that creates strong value for both students and for stakeholders in the broader community, and we will intensify our efforts to provide citizens in Beni Suef and elsewhere with a range of affordable services and various support programs.

Mohamed El Rashidi, Managing Director

² Working capital is calculated as (Inventories + Trade and Other Receivables) – (Trade and Other Payables + Deferred Revenue).

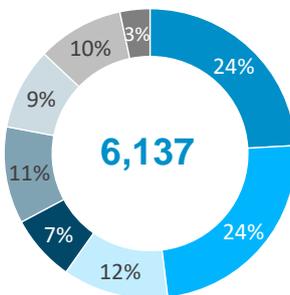
Operational Developments

Enrolled Students

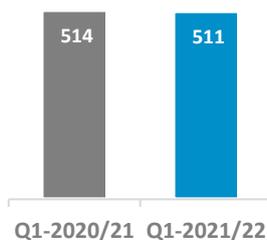


Students by Faculty

(Q1-2021/22)



Teaching Staff



NUB Student-Teacher Ratio



Taaleem's portfolio includes one operational institution of higher education, **Nahda University in Beni Suef (NUB)**, and one institution under development: **Badya University**, located in West Cairo. Taaleem has operated Nahda University in Beni Suef (NUB) since 2015. Strategically located in Egypt's most populous region, NUB is Upper Egypt's first and largest private university. The university caters to a highly underserved region, with only three operating private universities. The first and second semesters of NUB's academic year coincide with the first three quarters of Taaleem's financial year, with only the summer semester recognized in the fourth quarter.

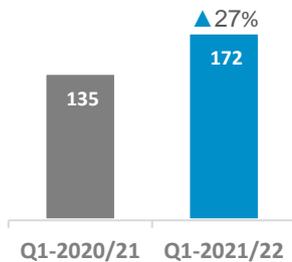
NUB had 6,137 enrolled students as of Q1-21/22, down by 2.2% y-o-y from the 6,273 registered in the same quarter of the previous year. Students at the university are served by eight academic faculties. The intake of students at private universities is subject to quotas imposed by Egypt's Ministry of Higher Education (MoHE), with distinct, faculty-specific limits set on the number of students admitted annually to a given faculty. **NUB's total MoHE-mandated student capacity stood at 11,350 during Q1-21/22, up from 11,035 in 2020/21.** This increase in licensed capacity was driven by the reversal of the MoHE-mandated intake quota limit at the faculty of dentistry. The reversal has increased the faculty's capacity to 1,575 students for 2021/22 from 1,260 students one year previously.

NUB added 916 students in Q1-2021/22, down by 48.0% y-o-y from the 1,760 students recorded one year previously. This y-o-y decrease follows a decline in the pool of students eligible for enrolment in national, public, and private universities in the 2021/22 academic year following the Ministry of Education's introduction of an updated secondary school examination system in 2020/21.

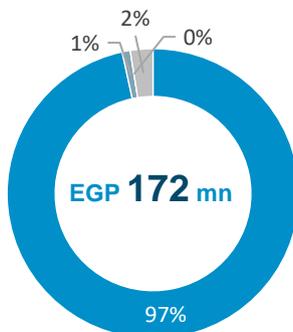
Average tuition revenue per student booked EGP 27 thousand for Q1-21/22, an increase of 30.5% y-o-y against the EGP 20.7 thousand recorded one year previously. Growth during the period came despite a decrease in the total number of students enrolled at the university and was driven by an increase in days of recognized revenue compared to the same period of the previous year. Taaleem recognized 53 revenue days of 97-day semester in Q1-21/22, up from 45 revenue days of a 111-day semester in Q1-20/21.

NUB employed a total of 511 teaching staff as of Q1-21/22, stable near the level recorded for Q1-20/21. The university's student-teacher ratio (STR) came in at 12.0x in Q1-21/22 versus 12.2x in Q1-20/21, both figures significantly below the national private university average of 18.6x and the Upper Egypt average of 20.3x. In addition to promoting the extraction of efficiencies at teaching-staff level, NUB's low STR facilitates the delivery of high-quality, skills-based education, particularly at medical faculties. Taaleem targets a long-term STR of between 14x and 15x, a rate which NUB expects to approach as it ramps up capacity utilization at newly launched faculties.

Revenue
(EGP mn)

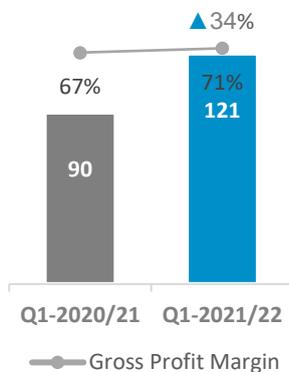


Revenue Breakdown
(Q1-2021/22)



- Tuition
- Student Housing
- Bus Subscription
- Other

Gross Profit
(EGP mn)



Financial Performance

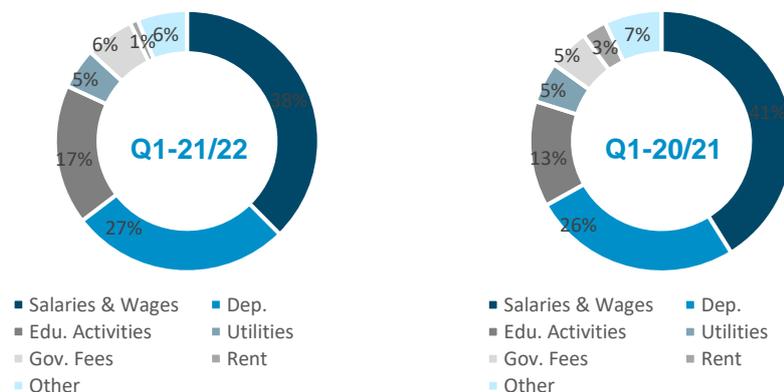
Summary Income Statement

EGP mn	Q1-21/22	Q1-20/21	Change
Revenue	171.7	134.8	27.3%
Gross Profit	121.3	90.4	34.2%
Gross Profit Margin	70.7%	67.1%	3.6 pts
EBITDA	105.3	77.1	36.5%
EBITDA Margin	61.3%	57.2%	4.1 pts
Adjusted EBITDA	105.3	70.8	48.6%
Adjusted EBITDA Margin	61.3%	52.6%	8.8 pts
Net Profit	71.9	58.1	23.7%
Net Profit Margin	41.9%	43.1%	-1.2 pts

Taaleem booked operating revenues of EGP 171.1 million for Q1-21/22, an increase of 27.3% y-o-y from the EGP 134.8 million booked one year previously. Growth for the period was driven by an increase in days of recognized revenue compared to the same period of the previous year. Taaleem recognized 53 revenue days of 97-day semester in Q1-21/22, up from 45 revenue days of a 111-day semester in Q1-20/21. It should be noted that Taaleem collects tuition fees prior to the beginning of each NUB semester and recognizes the resulting revenue as educational services are provided over the course of the semester.

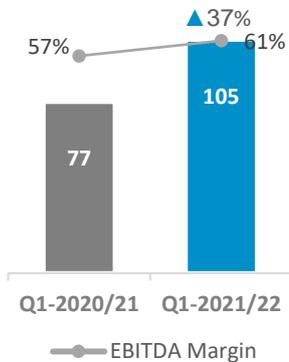
Tuition fee revenue rose by 27.6% y-o-y to record EGP 165.8 million for Q1-21/22, representing 96.6% of Taaleem's consolidated revenues for the quarter. Meanwhile, student housing generated revenues of EGP 1.6 million in Q1-21/22, up by 15.3% y-o-y as COVID-related social distancing restrictions were eased during the period. Other educational fees provided revenues of EGP 4.3 million in Q1-21/22, up by 23.9% y-o-y.

Operating Costs Breakdown

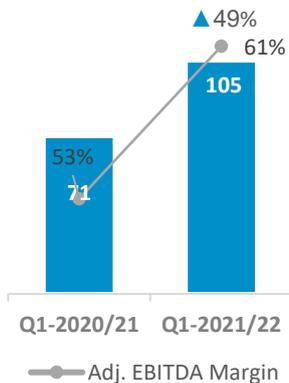


Operating costs booked EGP 50.3 million during Q1-21/22, an increase of 13.3% y-o-y against the EGP 44.4 million recorded for Q1-20/21. Salaries and wages represented 35.3% of total operating costs (10.4% of revenues) during Q1-2021/22. Outlays on salaries and wages rose by a restrained 5.5% y-o-y, reflecting the optimization of NUB's teaching staff costs. Meanwhile, depreciation expenses climbed by 14.2% y-o-y to constitute 24.9% of operating costs for the period, reflecting additional CAPEX of the newly added faculties. Expenses on educational activities declined slightly during the

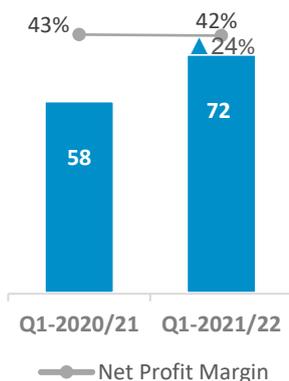
EBITDA
(EGP mn)



Adjusted EBITDA
(EGP mn)



Net Profit
(EGP mn)

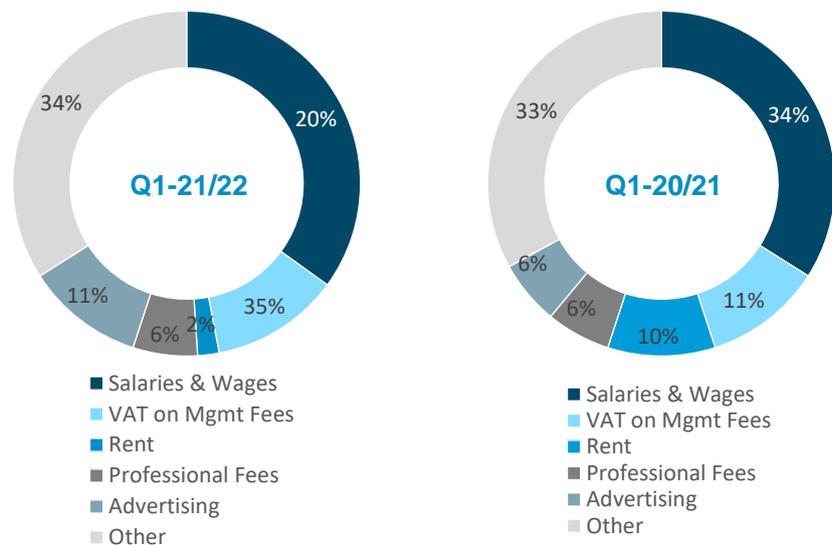


period, representing 14.8% of operating costs for Q1-21/22. Government fee expenses rose by 53.6% y-o-y on the back of increased revenues, constituting 6.2% of operating costs in Q1-21/22 against 4.6% one year previously. **As a percentage of revenues, total operating costs recorded 29.3% in Q1-20/21, down from 32.9% in Q1-2020/21.**

Excluding depreciation and amortization expenses, the y-o-y increase in operating costs falls from 13.3% to 5.9% for Q1-21/22. This reflects Taaleem's ability to generate savings and efficiencies on such variable costs as typically increase in line with revenues.

The Company booked a gross profit of EGP 121.3 million for Q1-21/22, an increase of 34.2% y-o-y from the EGP 90.4 million recorded in Q1-20/21. This strong growth reflects Taaleem's successful implementation of cost control plans, which have allowed it to efficiently translate given increments of top-line growth into increased gross profitability. The Company enjoys significant operating leverage, with the Company's operating costs being mostly fixed in nature. **Taaleem recorded a gross profit margin of 70.7% for Q1-21/22, up by 3.6 percentage points from the 67.1% recorded one year previously.**

G&A Expenses Breakdown

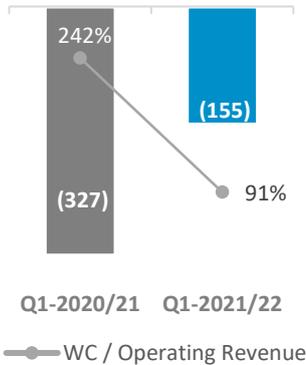


General & administrative (G&A) expenses booked EGP 32.2 million for the quarter, down by 1.6% y-o-y from the EGP 32.7 million recorded for Q1-2020/21. It should be noted that rent outlays previously booked under G&A expenses have been reclassified and have been treated as amortization and interest payments since September 2021. The y-o-y reduction in G&A outlays reflects the success of cost control measures introduced by Taaleem. **As a percentage of revenues, G&A expenses booked 18.7% in Q1-21/22, down from 24.3% in Q1-20/21.**

Non-academic salaries and wages constituted 34.7% of Taaleem's G&A outlays in Q1-21/22, booking 6.5% as a percentage of revenues (Q1-20/21: 8.2%). Such costs expanded by a slight 0.8% y-o-y during the period. Advertising expenses rose by 85.3% y-o-y to form 11.1% of Taaleem's total G&A outlay for the period, up from 5.9% one year previously. Meanwhile, the Company introduced a Board of Directors remuneration scheme during Q1-21/22, reflected in expenses of EGP 1.1 million for the quarter.

Taaleem booked an EBITDA of EGP 105.3 million during Q1-21/22, up by 36.5% y-o-y from the EBITDA of EGP 77.1 million booked in Q1-20/21. The Company's EBITDA margin came in at 61.3% for the quarter, up by 4.1 percentage points year-on-year.

Working Capital
(EGP mn)



This strong increase in EBITDA reflects the revenue growth recorded during the period, as well as Taaleem’s ability to drive core profitability and control its cost base, with top-line growth for the period exceeding growth in operating costs and G&A outlays by a full 20.4%. **Normalizing for nonrecurring items booked during the comparable period, Taaleem’s adjusted EBITDA records year-on-year growth of 48.6% for Q1-21/22.** Taaleem’s EBITDA margin rose by 8.8 percentage points to 61.3% in Q1-21/22 versus the adjusted figure of 52.6% recorded for Q1-20/21.

Taaleem reported a net profit of EGP 71.9 million for Q1-21/22, up by 23.7% y-o-y from the EGP 58.1 million recorded for Q1-20/21. The net profit margin booked 41.9% for Q1-21/22, down slightly from the 43.1% booked one year previously. Taaleem achieved double-digit bottom-line growth during the period despite an increase of 27.6% in tax expense for Q1-21/22, as well as a decrease of 67.0% y-o-y in net interest income.

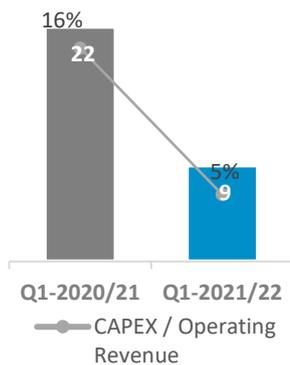
The Company recorded total assets of EGP 1,691.4 million as at 30 November 2021, up by 6.0% from the position of EGP 1,596.3 million reported one year previously. Taaleem held EGP 254.1 million in cash and cash equivalents as of 30 November 2021, down from the EGP 361.8 million reported on 30 November 2020.

Meanwhile, CAPEX came in at EGP 8.7 million for Q1-20/21, recording 5.1% as a percentage of revenues for the quarter. Approximately EGP 5.5 million of the CAPEX committed during the quarter was allocated to the purchase of additional educational equipment for NUB’s faculties, while EGP 3.1 million was allocated to maintenance works.

The Company booked a working capital position of negative EGP 155.3 million as of 30 November 2021, as against a position of negative EGP 326.6 million at 30 November 2020. The Company typically maintains a negative working capital position, as tuition fees are collected prior to the beginning of each NUB semester, yielding a negative cash conversion cycle.

CAPEX

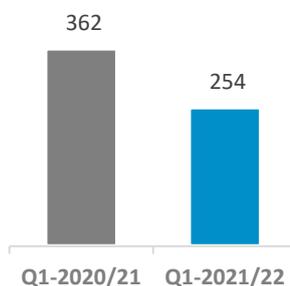
(EGP mn)



-- Ends --

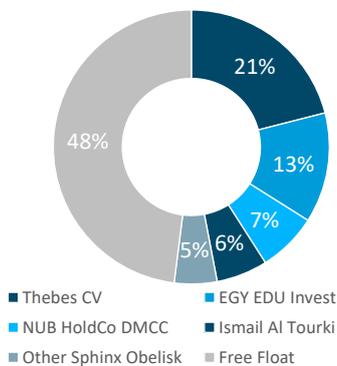
Net Cash

(EGP mn)



Shareholder Structure

(Q1-2021/22)



Share Information

EGX	TALM.CA
Shares Outstanding	730,250,000
Paid-In Capital (EGP)	730,250,000

About Taaleem Management Services

Established in 2015, Taaleem is one of Egypt’s leading providers of higher education services and is the tertiary education sector’s only pure play firm. The company operates a platform-based model designed to be sustainably scalable across multiple assets. Taaleem’s platform enables it to centralize supporting functions, generate synergies, and exploit economies of scale, allowing its academic institutions to focus on providing accessible, high-quality education that equips students with the skills needed to secure thriving professional careers. Taaleem’s platform-based model has demonstrated its ability to create sustainable value with its success at Nahda University in Beni Suf (NUB), the company’s first asset. Strategically located in Egypt’s most populous region, NUB is Upper Egypt’s first and largest private university, catering to highly underpenetrated regional market and providing students with access to high-quality education and skill-based learning at competitive price points. Taaleem’s second institution, Badya University, is located in West Cairo and is currently under development. Badya University is being developed in partnership with Palm Hills, one of Egypt’s leading real estate developers. Taaleem is constantly exploring new opportunities for sustainable growth, whether through mergers and acquisitions or greenfield projects, with an eye to extending its long record of successes. Learn more at: www.taaleem.me

INVESTOR RELATIONS

Ahmed Zayed
Head of Investor Relations
E: IR@taaleem.me
W: <https://www.taaleem.me>

Forward-Looking Statements

This communication contains certain forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts and events, and can be identified by the use of such words and phrases as “according to estimates”, “aims”, “anticipates”, “assumes”, “believes”, “could”, “estimates”, “expects”, “forecasts”, “intends”, “is of the opinion”, “may”, “plans”, “potential”, “predicts”, “projects”, “should”, “to the knowledge of”, “will”, “would” or, in each case their negatives or other similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements containing information on future financial results, plans, or expectations regarding business and management, future growth or profitability and general economic and regulatory conditions and other matters affecting the Company.

Forward-looking statements reflect the current views of the Company’s management (“Management”) on future events, which are based on the assumptions of the Management and involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. The occurrence or non- occurrence of an assumption could cause the Company’s actual financial condition and results of operations to differ materially from, or fail to meet expectations expressed or implied by, such forward- looking statements.

The Company’s business is subject to a number of risks and uncertainties that could also cause a forward-looking statement, estimate or prediction to differ materially from those expressed or implied by the forward-looking statements contained in this prospectus. The information, opinions and forward-looking statements contained in this communication speak only as at its date and are subject to change without notice. The Company does not undertake any obligation to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this communication.

Income Statement

EGP (000)	Q1-2021/22	Q1-2020/21	Change
Operating Revenues:			
<i>Tuition Fees</i>	165,750	129,874	27.6%
<i>Student Housing Subscription</i>	1,602	1,389	15.3%
<i>Bus Subscription</i>	28	79	-64.2%
<i>Other Educational Fees</i>	4,280	3,454	23.9%
Total	171,659	134,796	27.3%
Operating Costs	(50,315)	(44,396)	13.3%
Gross Profit	121,345	90,400	34.2%
<i>Gross Profit Margin</i>	<i>70.7%</i>	<i>67.1%</i>	<i>3.6%</i>
G&A Expenses	(32,174)	(32,713)	-1.6%
Provision	-	-	-
Other Income	912	8,123	-88.8%
Operating Profit	90,083	65,810	36.9%
<i>Operating Profit Margin</i>	<i>52.5%</i>	<i>48.8%</i>	<i>3.7%</i>
Net Finance Income:			
Interest Income	5,325	9,597	-44.5%
Interest Expense	(2,116)	-	-
FX Gain (Loss)	(30)	21	-
Total	3,179	9,618	-67.0%
Profit Before Tax	93,262	75,428	23.6%
Current Tax Expense	(21,878)	(17,146)	27.6%
Deferred Tax (Expense)/Income	495	(166)	-
Net Profit	71,878	58,116	23.7%
<i>Net Profit Margin</i>	<i>41.9%</i>	<i>43.1%</i>	<i>-1.2%</i>
EPS	0.08	0.76	

Balance Sheet

EGP (000)	Q1-2021/22	Q1-2020/21	Change
Cash and Cash Equivalents	50,916	109,126	-53.3%
Inventories	5,420	5,023	7.9%
Trade and Other Receivables	78,333	28,606	173.8%
Due from Related	0.6	-	-
Treasury Bills	203,163	252,629	-19.6%
Total Current Assets	337,833	395,383	-14.6%
Property and Equipment	770,353	661,620	16.4%
Right to Use	44,713	-	-
Intangible Assets	522,067	522,275	-
Trade and Other Receivables	16,405	16,976	-3.4%
Total Non-Current Assets	1,353,538	1,200,871	12.7%
Total Assets	1,691,371	1,596,254	6.0%
Provisions	5,595	5,624	-0.5%
Trade and Other Payables	94,534	173,768	-45.6%
Deferred Revenue	144,531	186,500	-22.5%
Due to Related Parties	-	-	-
Current Income Tax Liability	77,003	63,194	21.9%
Total Current Liabilities	321,668	429,087	-24.9%
Deferred Tax Liabilities	100,533	100,317	0.2%
Lease Liabilities	47,870	-	-
Trade and Other Payables	27,066	40,599	83.3%
Total Non-Current Liabilities	175,469	140,916	24.1%
Paid-In Capital	730,250	730,250	-
Legal Reserves	3,020	1,495	102.0%
Retained Earnings	449,804	285,320	57.6%
Capital and Reserves	1,183,074	1,017,066	16.3%
Non-Controlling Interests	11,160	9,186	21.5%
Total Equity	1,194,234	1,026,251	16.4%
Total Liabilities and Equity	1,691,371	1,596,254	6.0%

Cash Flow Statement

EGP	Q1-2021/22	Q1-2020/21
Cash Flows from Operating Activities:		
Net Profit Before Tax	93,261,726	75,428,186
Adjustments For:		
Depreciation of Fixed Assets	12,732,436	11,224,929
Amortization of Intangible Assets	51,804	52,039
Provision Formed	-	-
Impairment of Debtors	-	-
Impairment of Due from Related	-	745,000
Interest Income	(5,324,679)	(9,597,148)
Used Provisions	(157,818)	-
Profits Before Changes in Working Capital	100,563,469	77,853,006
Changes in Working Capital		
Inventories	(186,025)	35,829
Prepayments and Other Debit Balances	(4,237,574)	(6,720,311)
Due from Related	-	2,753,964
Trade Payables and Other Credit Payables	(30,760,080)	(24,183,583)
Deferred Revenue	113,304,412	7,500,896
Due to Related	-	(32,880)
Net Cash Flows Generated from Operating Activities	178,684,202	66,804,070
Cash Flows from Investing Activities		
Payments for Purchase of PP&E	(8,685,817)	(21,518,604)
Intangible Assets	-	-
Investments	-	-
Proceeds from Sale of PP&E	-	-
Interest Income	5,324,679	9,597,148
Net Cash Flows Used in Investing Activities	(3,361,138)	(11,921,456)
Cash Flows from Financing Activities		
Capital Increase	-	-
Settlement of Deferred Consideration for the Acquired Subsidiary	-	-
Profit Share Distribution to Employees	(12,670,801)	(7,756,085)
Dividends Distribution	-	-
Lease Liability	3,157,435	-
Tax on Dividends Related to Expected Distribution	-	(4,854,464)
Net Cash Flows Used in Financing Activities	(9,513,366)	(12,610,549)
Net Change in Cash and Cash Equivalents for the Period	165,809,698	32,674,916
Cash and Cash Equivalents at the Beginning of the Period	92,406,659	329,079,801
Impact of Change in EAS	(4,137,542)	-
Cash and Cash Equivalents at the End of the Period	254,078,816	361,554,717