

Taaleem Reports its Q1 22/23 Results

Cairo, 12 January 2023, Taaleem Management Services announces its results for the Q1 22/23 period ending 30 November 2022.

Q1 22/23 Financial Highlights



AY 22/23 Operational Highlights



Q1 22/23 Key Financial Highlights

- **Total revenue** came in at EGP 230mn, achieving a 34% YoY increase.
- **Gross profit** came in at EGP 174mn, a strong 43% YoY growth, with a gross profit margin of 76%, up by 508 bps YoY.
- **EBITDA** recorded EGP 150mn, growing 42% YoY with a strong 65% margin.
- **Net income** reached EGP 108mn, up by 50% YoY, yielding a strong margin of 47%.
- **Cash & cash equivalents** landed at EGP 201mn, a 21% YoY decline.
- **CAPEX/revenue** reached 27%, reflecting expenditures on NUB's new faculties and university hospital in the campus expansion.

Latest developments

- **September 12, 2022:** Taaleem announced that the enrollment for the AY of 22/23 at NUB progressed strongly, reaching more than double the new intake numbers recorded in the AY of 21/22. NUB's enrollment for the AY of 22/23 reached 1,868, with 9 operating faculties including the newly launched Arts faculty. NUB's strong enrollment is supported by its excellent programs and reputation, and the record number of high school graduates eligible to enroll in universities this year.
- **November 30, 2022:** Taaleem announced that it signed binding documentation to acquire control of a university under-development in New Cairo. The acquisition be completed through Taaleem's subscription to a capital increase of the target company that currently owns the university to fund the construction of the campus on an area of 80 thousand square meters in a strategic location in East Cairo, with a capacity to host up to seven faculties. Taaleem's investment will bring its ownership to

32% against a capital increase of EGP 302mn in the target company, with a path to 51% shareholding one year after the university enrolls students. Moreover, the Shareholders' Agreement (SHA) between Taaleem and the existing shareholders of the target company stipulates Taaleem's right to full operational and financial control over the university from the onset of the agreement.

Mohamed El Rashidi, Taaleem's Managing Director & Chief Executive Officer commented:

"I am very proud to report that Taaleem has started the year strong, displaying enhanced operational and financial performance across the board. During the quarter, enrollment for the academic year of 22/23 exceeded pre-21/22 growth levels, instilling further confidence in our value proposition and growth prospects.

Our financial results for Q1 22/23 reflect our strong operational growth and efficiency, as we booked a total revenue of EGP 230mn, reporting a 34% YoY increase, and recorded a very strong EBITDA margin of 65%, on cost efficiencies and revenue growth. Our net profit during the quarter came in at EGP 108mn, with a healthy 47% margin.

During the past three months, we witnessed Taaleem's great upturn following the strong progression of NUB's enrollment and the launch of the Faculty of Arts. The quarter also saw Taaleem's strong markings of growth signaled by the signing of binding documentation to acquire a semi-green university in New Cairo. In that light, we have witnessed Taaleem's growth potential being actualized with two assets currently under development. It's important to note that we adopt a highly strategic and rigorous approach to selecting our investments to fulfill our long-term objectives. Our selection criteria include diversifying our geographic footprint to serve a wider student base with customized value for money high-quality tertiary education through tailored academic offerings to suit the needs of each university's target audience.

I would like to conclude by emphasizing that the Egyptian market is an extremely fertile environment for Taaleem's growth, as different indicators such as the country's youthful population, low university penetration, and budget cuts related to public expenditure on education are pushing the private sector's strong and rapid growth. With this, I believe that Taaleem will continue to develop rapidly going forward, as the aforementioned indicators, combined with global macroeconomic conditions that form a powerful barrier to entry for new players, will secure Taaleem's position as a leading provider of higher educational services in Egypt."

Financial Performance Discussion

Q1 22/23 - Income Statement Highlights

EGP mn	Q1 2023	Q1 2022	Δ % YoY
Revenue	230	172	34%
Operating Costs	(56)	(50)	11%
Gross Profit	174	121	43%
Gross Profit Margin	76%	71%	508bps
G&A Expenses	(40)	(32)	24%
EBITDA	150	105	42%
EBITDA Margin	65%	61%	369bps
Adjusted EBITDA	152	105	44%
Adjusted EBITDA Margin	66%	61%	460bps
Net Finance Income/(Cost)	4	3	29%
Tax Expense	(31)	(21)	45%
Net Profit	108	72	50%
Net Profit Margin	47%	42%	512bps

- **Total revenue** came in at EGP 230mn, +34% YoY, mainly on the 13% YoY increase in NUB's student base, including those enrolled in the newly launched Faculty of Arts, reaching 6,913 students. The growth was also attributable to the recognition of 8 additional revenue days of the first semester of the AY compared to Q1 2021/22. Normalized for the difference in revenue recognition days, revenue grew 21% YoY.
- **Operating cost** rose 11% YoY, coming in at EGP 56mn mainly on the 12% YoY growth in salaries and wages reflecting the annual salary raise. Salaries/Sales ratio came in at 9% during Q1 22/23 compared to last year's 10%.
- **G&A** came in at EGP 40mn, growing 24% YoY. Normalizing for the ESOP reserve booked in Q1 22/23, G&A grew 18% YoY. The growth in G&A is primarily owed to the 50% YoY rise in other expenses related to university events, followed by the 15% YoY increase in non-academic salaries and wages, which recorded a lower Salaries/Sales of 6% compared to the preceding year's 7%.
- **EBITDA** recorded EGP 150mn, growing 42% YoY with a strong 65% margin. Excluding the ESOP reserve booked in Q1 22/23, adjusted EBITDA would have grown by 44% YoY with a 66% margin. Adjusting for the difference in revenue recognition days, normalized EBITDA grew 23% YoY.
- **Net income** landed at EGP 108mn, reporting a 50% YoY growth and a strong 47% margin, reflecting Taaleem's exceptional ability to translate revenue growth to profitability.
- **CAPEX** reached EGP 61mn, over 7x higher than Q1 2021/22, recording a CAPEX/revenue ratio of 27%. 91% of Taaleem's CAPEX for the period was disbursed on growth initiatives, including the university hospital and the new faculties of Arts and Architecture.

Q1 22/23 - Balance Sheet Highlights

EGP mn	Q1 2023	Q1 2022	Δ % YoY
Total Assets	1,946	1,691	15%
Current Assets	302	338	-10%
Non-current Assets	1,644	1,354	21%
Total Liabilities	511	497	3%
Current Liabilities	365	322	13%
Non-current Liabilities	146	175	-17%
Total Equity	1,435	1,194	20%
Total Liabilities & Equity	1,946	1,691	15%

Q1 22/23 - Cash Flow Highlights

EGP mn	Q1 2023	Q1 2022	Δ % YoY
Cash Flow from Operations	164	179	-8%
Cash Flow from Investing Activities	(56)	(3)	1,552%
Cash Flow from Financing Activities	(15)	(10)	53%
Net Changes in Cash & Cash Equivalents During the Period	94	166	-43%
Cash & Cash Equivalents at the Beginning of the Period	107	92	16%
Cash & Cash Equivalents at the End of the Period	201	254	-21%

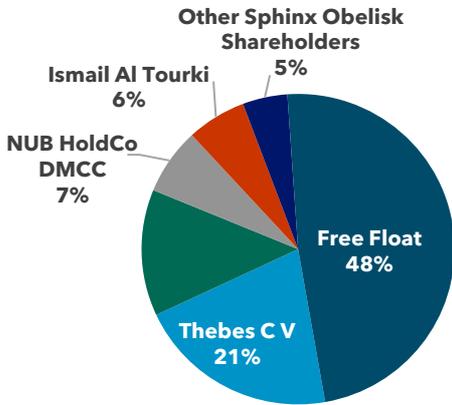
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About Taaleem Management Services

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 Suef (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



Share Information

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

INVESTOR RELATIONS

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Forward-Looking Statements

This document has been prepared by Taaleem Management Services and contains certain forward-looking statements that reflect the current views of the Company’s management, which have not been independently verified. They 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 in this document.

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