

# Taaleem Reports 9M-2020/21 Results

Taaleem books double-digit revenue and profitability growth on back of broad-based expansion across NUB faculties.

## 9M-2020/21 Financial Highlights

Revenue	Gross Profit
EGP <b>585</b> mn	EGP <b>448</b> mn
↑ 33% y-o-y	↑ 41% y-o-y 77% Margin
Adj. EBITDA <sup>1</sup>	Net Profit
EGP <b>384</b> mn	EGP <b>228</b> mn
↑ 38% y-o-y 66% Margin	↑ 18% y-o-y 39% Margin

## Q3 2020/21 Financial Highlights

Revenue	Gross Profit
EGP <b>267</b> mn	EGP <b>220</b> mn
↑ 58% y-o-y	↑ 70% y-o-y 82% Margin
Adj. EBITDA <sup>1</sup>	Net Profit
EGP <b>200</b> mn	EGP <b>99</b> mn
↑ 72% y-o-y 75% Margin	↑ 19% y-o-y 37% Margin

## Operational Highlights

Licensed Capacity	Enrolled Students	Students Intake	Faculties
<b>11k</b> Students	<b>6k</b> Students	<b>1.8k</b> Students	<b>8</b> Faculties
↑ 44% y-o-y	↑ 12% y-o-y 57% Utilization	↑ 36% y-o-y 80% Utilization	2019/20: 7 Faculties

Cairo, 8 July 2021

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 nine-month period ending 31 May 2021 (9M-2020/21). The Company reported revenues of EGP 584.6 million in 9M-20/21, up by 32.8% year-on-year (y-o-y) from the top line recorded for the same period of the previous year. Taaleem booked a net income of EGP 228.4 million for the nine-month period, up by 18.3% y-o-y and yielding a net profit margin of 39.1% against 43.9% in 9M-2019/20. The Company reported revenues of EGP 267.4 million for the three-month period ended 31 May 2021 (Q3-20/21), representing a y-o-y increase of 58.0%. Taaleem’s bottom line climbed by 19.4% y-o-y to book EGP 98.8 million for Q3-20/21, yielding a quarterly net profit margin of 36.9%.

1. Adjusted EBITDA is defined as operating profit for the period/year before depreciation and amortization charges; legal, advisory, and other expenses incurred in connection with acquisitions and related transaction fees subsequently paid by the Company on behalf of the shareholders; discontinued operations and one-off gains/expenses which are not recurring in the ordinary course of the Company’s operations and do not entail further accrual of the same nature or for the same purpose in the future; capital gain or loss resulting from the sale of fixed assets; and on-off expenses in relation to the listing of the Company shares.

## Financial Highlights

- Taaleem recorded **total operating revenues** of EGP 584.6 million in 9M-20/21, an increase of 32.8% y-o-y, reflecting growth in student enrollment, upward adjustment of tuition price points, and the introduction of an additional faculty during the period.
- NUB had 6,273 **students** in 9M-20/21, up by 12.5% y-o-y. **Intake** recorded 1,760 students (696 net intake) against 1,292 (179 net intake) in 9M-19/20, reflecting the launch of the **physiotherapy faculty** during 9M-20/21 and NUB's success at attracting students and accommodating strong demand during the period, particularly at the faculty of medicine, where intake quotas were up by 60% y-o-y. **Total available student capacity** rose to 11,035 from 7,685 in 2019/20, with the increase stemming mainly from quota increases at the engineering and computer science faculties and the launch of physiotherapy faculty during the period.
- **Gross profit** booked EGP 447.5 million for 9M-20/21, up by 41.0% y-o-y on the back of an accelerating utilization ramp-up at higher-margin faculties. Taaleem's **gross profit margin** reached 76.6% for 9M-20/21 versus 72.1% in 9M-19/20.
- **General & administrative (G&A) expenses** recorded EGP 177.4 million for the nine-month period, an increase of 122.1% y-o-y. Excluding the impact from **listing expenses** of EGP 74.2 million incurred during the period, G&A expenses book EGP 103.1 million for 9M-20/21, up by 29.2% y-o-y and driven by increased rent and VAT expenses, as well as the introduction of a Board of Directors sitting scheme.
- Taaleem registered an **adjusted EBITDA** of EGP 383.9 million for 9M-2020/21, up by 38.1% y-o-y. Taaleem's **adjusted EBITDA margin** booked 65.7% for 9M-20/21 versus the 63.1% recorded for 9M-2019/20.
- Taaleem reported a **net profit** of EGP 228.4 million for 9M-20/21, an increase of 18.3% y-o-y. Taaleem's **net profit margin** recorded 39.1% against the 43.9% booked one year previously. Adjusting the bottom line for nonrecurring listing expenses, **normalized net profit** records EGP 285.9 million, up by 48.1% from one year previously to yield a margin of 48.9%.
- The Company booked **total assets** of EGP 1,513.9 million as at 31 May 2021, down from EGP 1,550.2 million at the close of FY-19/20 on 31 August 2020. **Working capital**<sup>1</sup> registered negative EGP 49.7 million as at 31 May 2021, down from negative EGP 226.3 million on 31 August 2020. Taaleem held **cash and cash equivalents** of EGP 158.9 million as at 31 May 2021, down from the EGP 329.1 million booked on 31 August 2020. Taaleem had no debt at the close of 9M-20/21.

## Operational Highlights

- 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, and the university's design has been finalized. Construction is planned to begin during July 2021, and student intake is expected to commence by September 2022. Taaleem has opted to commence mobilization and excavation works at the site until the Company receives final approval from the SCPU.
- Taaleem continues to make progress on **NUB's expansion plan** and is in the process of finalizing designs and acquiring the licenses necessary to begin construction. The Company has received approval from the SCPU to establish its new **faculty of arts**, and approval is pending for **its faculty of architecture**. Meanwhile, NUB has acquired the license to offer **post-graduate degree programs in the faculty of dental science**.
- The SCPU has approved a **student quota increase at the physiotherapy faculty** from 280 to 400 students.
- Construction of NUB's new **teaching hospital** attached to NUB's faculty of medicine will commence before the end of the current academic year. This facility will increase the quality and range of medical services available to residents of Beni Suef and Upper Egypt. Taaleem has finalized the hospital's design and expects to receive the construction license during Q4-20/21. The Company has tendered the project and selected the contractor who will begin construction upon receipt of the required license.

<sup>1</sup> Working capital is calculated as (Inventories + Trade and Other Receivables) – (Trade and Other Payables + Deferred Revenue).

## Management Comment

With one quarter of the year to go, Taaleem is in a better position than ever to deliver outstanding value to students and other stakeholders. The strength of our operations was on full display during the first nine months of FY-2020/21, as we continued to expand Taaleem's top line and each of its profitability markers at double digit rates. Revenues grew by 32.8% y-o-y in 9M-2020/21, recording EGP 584.6 million. This strong top-line performance was driven by a mix of price and volume effects, with an increase of 18% in revenue per student combined with a 12% increase in the number of enrolled students, reflecting the utilization of quota increases and the recent launch of faculties with higher price points.

Strong top-line performance supported growth in Taaleem's core profitability for the period. Normalized for nonrecurring expenses, the Company's adjusted EBITDA recorded EGP 383.9 million for 9M-2020/21, yielding a margin of 66% against the 63% booked one year previously. Rapid growth in adjusted EBITDA for the period comes despite year-on-year increases in Taaleem's operating and general and administrative expenses, indicating our ability to efficiently control costs even as we implement a rapid operational ramp-up. Taaleem's net profit for the period came in at EGP 228.4 million, up by 18.3% y-o-y despite the recognition of EGP 74.2 million in non-recurring IPO expenses, and supported by an increase of EGP 7.9 million in interest income. Adjusted for nonrecurring IPO expenses, Taaleem recorded a normalized net profit of EGP 285.9 million for 9M-2020/21, up by a strong 48% y-o-y.

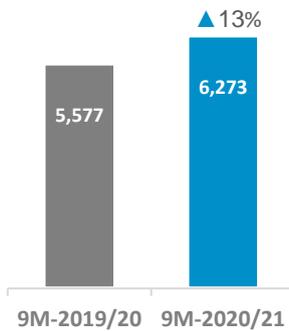
The Company continued to invest in expanding its operations during 9M-2020/21. Taaleem committed EGP 157.2 million in CAPEX for the period, up by EGP 101.0 million or 180% y-o-y from 9M-2019/20. Approximately 70% of CAPEX in 9M-2020/21 was allocated to the purchase and capitalization of NUB's land. Taaleem made further investments for the development of NUB's computer science faculty and to the purchase of state-of-the art equipment for the physiotherapy faculty and NUB's learning resources center. Meanwhile, we continue to develop and enhance the quality of the academic offering at our existing institution: in 9M-2020/21 Taaleem received approval to launch a postgraduate dental program at NUB, and we expect to receive a construction license for the university's new teaching hospital within the coming weeks. Before growth CAPEX outlays of EGP 157.2 million, Taaleem records an adjusted EBITDA to cash conversion rate of 32% for 9M-2020/21.

With progress at our pipeline Badya University project continuing apace, Taaleem is well on its way to providing communities across Egypt with high-quality, fit-for-purpose, skills-based higher education that improves graduates' career prospects. We will continue to invest in creating academic experiences of the highest quality and will do our utmost to justify the trust that students and families have placed in us to maximize their potential.

**Mohamed El Rashidi**, Managing Director

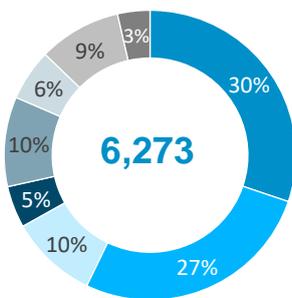
## Operational Developments

### Enrolled Students



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 and scheduled for launch in 2022. 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 underpenetrated regional market, with one of Egypt’s lowest higher education penetration rates and only three operating private universities. The first nine months of Taaleem’s financial year coincide with the first and second semesters of NUB’s academic year, meaning that Taaleem has recognized most of its annual revenue as of 9M-2020/21.

### Students by Faculty (9M-2020/21)

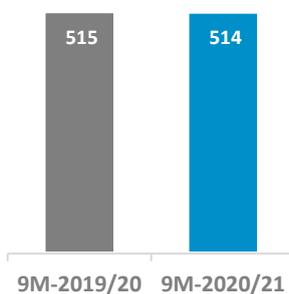


**NUB had 6,273 enrolled students at the close of 9M-20/21, an increase of 12.5% y-o-y** from the 5,577 registered one year previously. The intake of students at private universities is subject to quotas imposed by Egypt’s Ministry of Higher Education (MoHE), with distinct, faculty-specific limits set on the number of students admitted annually to a given faculty each academic year. NUB’s total MoHE-mandated student capacity stood at 11,035 at the close of 9M-20/21, up from 7,685 in 2019/20 and from 6,500 in 2018/19. Students at the university are served by eight academic faculties. **In 9M-20/21 NUB launched its physiotherapy faculty**, adding to its existing faculties of pharmacy, dentistry, engineering, computer science, media, marketing & business administration, and medicine.

The increase in student capacity between 9M-19/20 and 9M-20/21 reflects the launch of NUB’s physiotherapy faculty during the first semester of the 2020/21 academic year, the earlier launch of the medical faculty in 2019/20, and intake quota increases at the faculties of medicine, computer science, and engineering for 2020/21. Total capacity rose during the period despite a downward revision of MoHE-mandated quotas for private and public faculties of pharmacy and dentistry instituted from 2019/20.



### Teaching Staff



**NUB added a net of 696 students in 9M-20/21, up by 289% y-o-y** from the net increase of 179 students during 9M-19/20. Growth was driven mainly by the launch of the physiotherapy faculty during the period, as well as an increase in the computer science faculty’s student quota from 50 to 200 and in the medical faculty’s student quota from 250 to 400. Enrollment in the engineering faculty was limited during 9M-20/21 to facilitate the relocation of the faculty to premises at the Beni Suef Smart Village and the repurposing of its existing buildings for use by the newly launched physiotherapy faculty. The overall expansion in intake during 9M-20/21 displays NUB’s ability to successfully attract new students and accommodate strong demand. Demand was particularly strong at NUB’s medical school, reflecting the high quality of education on offer at the faculty, which is Egypt’s largest private faculty of medicine and benefits from an exclusive partnership with the Medical University of Vienna (MUVI), ranked among the top 60 universities globally in clinical medicine. NUB’s intake quota utilization recorded 80% in 9M-20/21 versus 87% one year previously, falling y-o-y despite an increase in student intake during the period and reflecting growth in NUB’s overall capacity as a result of heightened intake quotas at NUB’s engineering and computer science faculties.

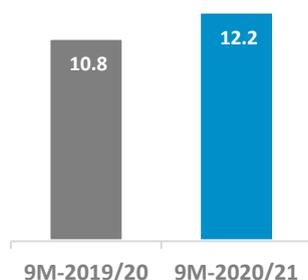
**NUB’s faculties of pharmacy and dentistry represent the university’s two largest sources of enrolment**, pending the ramp-up of capacity utilization at remaining and newly introduced faculties. Approximately 30% of NUB students were enrolled at the faculty of pharmacy in 9M-20/21, down from 35% in 9M-19/20. The faculty of dentistry held 27% of enrolled students during 9M-20/21, down from 32% one year previously. The year-on-year declines in these faculties’ student shares reflect the abovementioned revision of MoHE-mandated capacity quotas, the introduction of the physiotherapy faculty, and the enrollment of the second cohort of medical students in 9M-20/21. NUB’s faculty of medicine held 10% of students in 9M-20/21, doubling its 9M-19/20 share of 5%, while the faculty of engineering accounted for a further 10% of students (2019/20:

12%). Meanwhile, NUB's physiotherapy faculty held 5% of students in its first two semesters of operation, with the remainder of students accounted for by the computer science, marketing & BA, and media faculties.

**Average tuition per student reached EGP 90.4 thousand in 9M-20/21, marking a y-o-y increase of 18.1% y-o-y from the EGP 76.5 thousand recorded for 9M-19/20.** This growth reflects an average increase of 5% in tuition fees for existing students (with the medical faculty registering an increase of 2%), and of 10% for new students (except for the dental and medical faculties, where fees rose by 25% and 19%, respectively). The increase in average tuition per student for 9M-20/21 was further driven by increased capacity utilization at the faculty of medicine, which commands higher price points, as well as the university-wide replacement impact during the period. Tuition at NUB has followed a multiyear upward trend, reflecting the adjustment of tuition fees in light of evolving market dynamics and a continuous enhancement in the quality of NUB's academic offering.

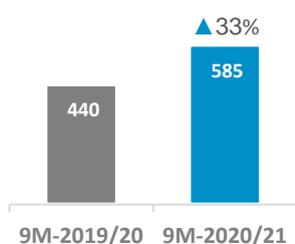
**NUB counted a total of 514 staff in 9M-20/21, stable against the level of 515 recorded one year previously** and up from 429 in 9M-18/19. The long-term increase in staff stems from the launch of NUB's faculties of medicine and physiotherapy, as well as efforts to accommodate double-digit student intake growth during the period. **NUB recorded a student-teacher ratio of 12.2x in 9M-20/21, up from 10.8x in 9M-19/20.** The university's student-teacher ratio remains well below the national private university average of 18.6x and the Upper Egypt average of 20.3x, facilitating the delivery of high-quality, skills-based education, particularly in life science faculties. As newly launched faculties approach full utilization, NUB's low student-teacher ratio facilitates the extraction of cost efficiencies at the teaching-staff level.

**NUB Student-Teacher Ratio**



## Financial Performance

**Revenue**  
(EGP mn)



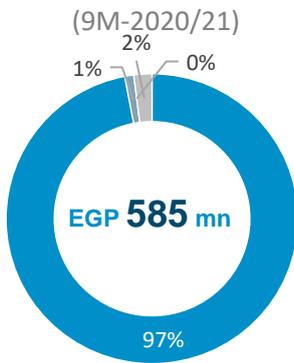
### Summary Income Statement

	EGP mn					
	9M-20/21	9M-19/20	Change	Q3-20/21	Q3-19/20	Change
<b>Revenue</b>	<b>584.6</b>	<b>440.1</b>	<b>32.8%</b>	<b>267.4</b>	<b>169.3</b>	<b>58.0%</b>
Gross Profit	447.5	317.3	41.0%	219.9	129.4	70.0%
Gross Profit Margin	76.6%	72.1%	4.4 pts	82.2%	76.4%	5.8 pts
<b>Adjusted EBITDA</b>	<b>383.9</b>	<b>277.9</b>	<b>38.2%</b>	<b>200.0</b>	<b>116.2</b>	<b>72.1%</b>
Adjusted EBITDA Margin	66%	63%	2.5 pts	74.7%	68.6%	6.1 pts
<b>Net Profit</b>	<b>228.4</b>	<b>193.0</b>	<b>18.3%</b>	<b>98.8</b>	<b>82.8</b>	<b>19.3%</b>
Net Profit Margin	39.1%	43.9%	-4.8 pt	36.9%	48.9%	-12.0 pt
<b>Normalized Net Profit</b>	<b>285.9</b>	<b>193.0</b>	<b>48.1%</b>	<b>146.7</b>	<b>82.8</b>	<b>77.2%</b>
Normalized Net Profit Margin	48.9%	43.9%	5.0 pts	54.8%	48.9%	5.9 pts

**Taaleem booked total operating revenues of EGP 584.6 million for 9M-20/21, up by 32.8% y-o-y** against the EGP 440.1 million recorded during 9M-19/20. Double-digit growth in the top line was driven mainly by an increase of 18.2% in tuition revenue per student and an increase of 12.5% in the number of enrolled students at NUB, reflecting the utilization of student quota increases and the ramp-up of recently launched faculties commanding higher price points.

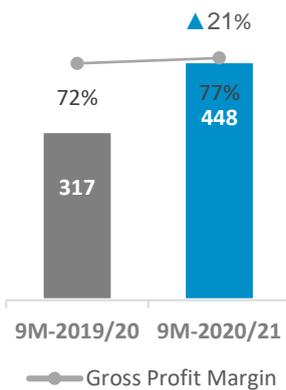
Revenue from tuition fees rose by 32.9% y-o-y to record EGP 567.3 million for 9M-20/21, representing 97.0% of the Company's total revenues for the nine-month period. It should be noted that Taaleem collects tuition fees prior to the beginning of each NUB

**Revenue Breakdown**

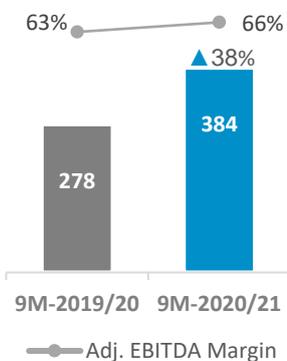


- Tuition
- Student Housing
- Bus Subscription
- Other

**Gross Profit**  
(EGP mn)



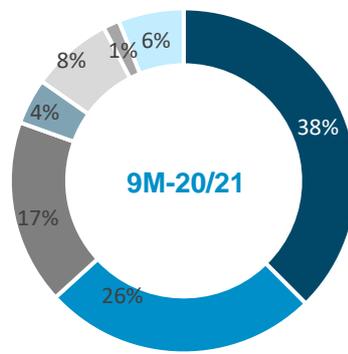
**Adjusted EBITDA**  
(EGP mn)



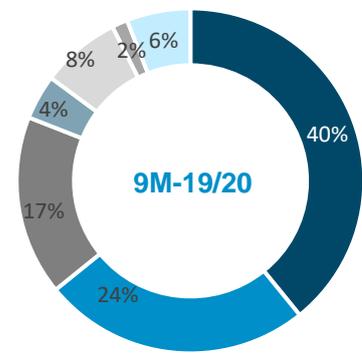
semester and recognizes the resulting revenue as educational services are provided over the course of the semester. **Tuition revenue growth for the period was driven by a broad-based expansion at all of NUB’s faculties.** Leading contributors to growth in 9M-20/21 included the faculties of medicine, physiotherapy, and pharmacy. Meanwhile, revenue from student housing rose by 13.5% y-o-y to book EGP 6.4 million in 9M-20/21 on the back of an increase in housing fees. Revenue from bus subscriptions fell by 57.5% during 9M-20/21, reflecting the impact of the COVID-19 pandemic and the digitalization of a considerable part of the learning process for the period. Other educational fees generated revenues of EGP 10.7 million in 9M-20/21, up by 51.4% y-o-y, reflecting an increase in enrollment fees during the period.

**Operating costs recorded EGP 137.1 million for 9M-20/21, up by 11.6% y-o-y from the EGP 122.8 million reported one year previously.**

**Operating Costs Breakdown**



- Salaries & Wages
- Dep.
- Edu. Activities
- Utilities
- Gov. Fees
- Rent
- Other



- Salaries & Wages
- Dep.
- Edu. Activities
- Utilities
- Gov. Fees
- Rent
- Other

Salaries and wages remained the largest single component of Taaleem’s operating cost base in 9M-20/21, representing 37.6% of total operating costs and 8.8% of revenues. **Taaleem’s operating costs recorded 23.4% as a percentage of revenues in 9M-20/21, down from 27.9% in 9M-2019/20.**

Outlays on salaries and wages rose by 4.2% y-o-y, reflecting the optimization of NUB’s teaching staff costs and the university’s student-teacher ratio. Restrained growth in salaries and wages further reflects Taaleem’s decision not to implement an annual salary increase during 9M-20/21, combined with the efficiency of the hybrid pedagogical system introduced during the period.

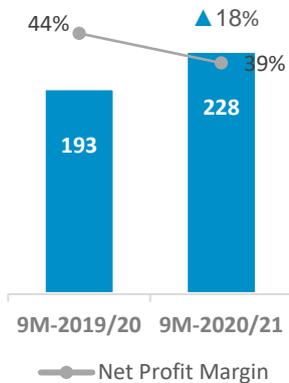
Depreciation expenses were the second largest component of Taaleem’s operating costs in 9M-20/21, climbing by 17.2% y-o-y to represent 25.6% of total operating costs. The increase in depreciation outlays stems from the addition of buildings attached to the newly launched physiotherapy faculty and a newly developed learning resources center.

Expenses on educational activities represented 17.3% of operating costs in 9M-2020/21. Such outlays increased by 52.2% y-o-y, driven by an expansion in the scope of NUB’s academic partnership with MUVI to include certificate attestation, quality assurance, access to MUVI material, and broader operational supervision, with a resulting increase in annual partnership costs at the faculties of medicine and dentistry to EUR 1.17 million for academic year 2020/2021 from EUR 0.75 million for academic year 2019/2020 to.

**Excluding depreciation expenses and international partnership fees, the y-o-y increase in operating costs declines to c.1% for 9M-20/21, with the Company effectively able to**

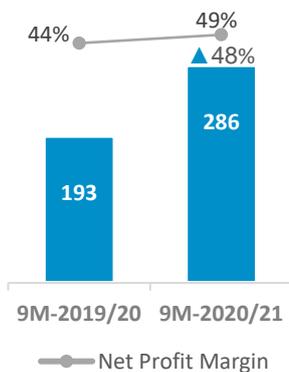
**Net Profit**

(EGP mn)



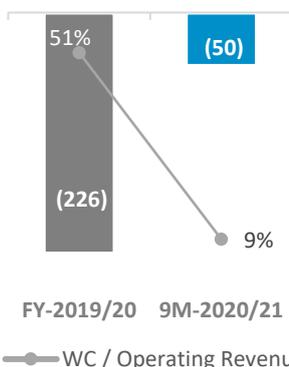
**Normalized Net Profit**

(EGP mn)



**Working Capital**

(EGP mn)

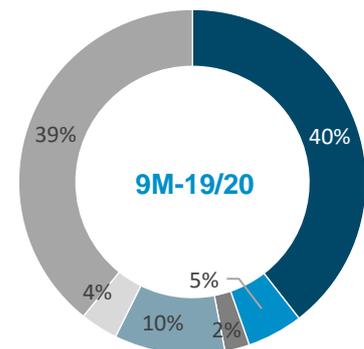
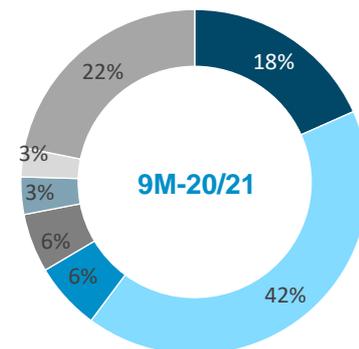


engender reductions and savings on those variable costs which typically increase in line with revenues.

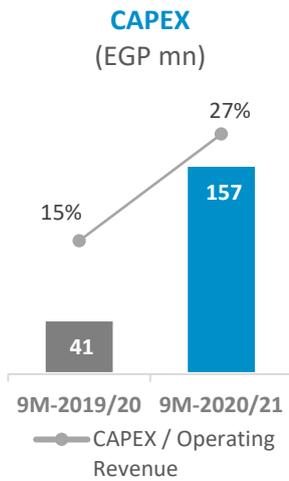
**Taaleem booked a gross profit of EGP 447.5 million for 9M-20/21, an increase of 41.0% y-o-y from the EGP 317.3 million recorded in 9M-2019/20.** This rapid increase reflects the ramp-up of intake utilization at higher-margin faculties during the period. As Taaleem’s operating costs are mostly fixed in nature, the Company enjoys significant operating leverage. **The Company registered a gross profit margin of 76.6% for 9M-20/21, up by 4.4 percentage points from the 72.1% recorded in 9M-19/20.**

**General & administrative (G&A) expenses came in at EGP 177.4 million for the nine-month period, up by 122.1% y-o-y from the EGP 79.9 million recorded in 9M-2019/20.** It should be noted that G&A outlays for 9M-20/21 included EGP 74.2 million in nonrecurring listing expenses related to Taaleem’s initial public offering and are thus inflated relative to 9M-19/20. **Normalizing for nonrecurring listing expenses, G&A expenses record EGP 103.1 million for 9M-20/21, up by 29.2% y-o-y on the back of increased rent and value-added tax (VAT) outlays, and the implementation of a Board of Directors sitting scheme. As a percentage of revenues, G&A expenses reported 30.3% in 9M-20/21 against 18.1% in 9M-19/20. On a normalized basis, G&A expenses as a percentage of revenues recorded 17.6% for 9M-20/21.**

**G&A Expenses Breakdown**



Non-academic salaries and wages formed 18.3% of Taaleem’s G&A outlays in 9M-20/21, booking 5.5% as a percentage of revenues (9M-19/20: 7.2%). Such costs grew by 2.9% y-o-y, an efficient rate of increase given the ongoing operational expansion at NUB, an efficiency which was reinforced by Taaleem’s decision to refrain from an annual salary increase during 9M-20/21. Nonrecurring listing expenses represented the bulk of Taaleem’s GLA outlay during the period, at 41.8%. Meanwhile, VAT on management fees composed 9.1% of total G&A expenses in 9M-20/21. Such VAT expenses more than doubled y-o-y, reflecting the widened scope of services provided to NUB by Taaleem and a resulting increase in fees charged by Taaleem to the university. Rent expenses represented 5.5% of G&A outlays in 9M-20/21, an increase from the share of 2.3% recorded one year previously. Rent expense rose during the period as Taaleem leased a facility at the Beni Suf Smart Village business district for the relocation of the faculty of engineering, enabling the Company to implement an asset-light expansion plan in launching the physiotherapy faculty, while facilitating increased student intake quotas at the computer science and engineering faculties.



When adjusting for nonrecurring, one-time outlays, Taaleem books an adjusted EBITDA of EGP 383.9 million for 9M-20/21, up by 38.2% y-o-y from an adjusted 9M-19/20 EBITDA of EGP 277.9 million. Taaleem recorded an adjusted EBITDA margin of 66% against the 63% booked for 9M-2019/20. This climb in adjusted EBITDA reflects the Company's strong top-line performance from the period and comes despite y-o-y increases in operating costs and G&A expenses, indicating Taaleem's ability to generate strong expansions in profitability from given increases in revenue.

Taaleem recorded a net profit of EGP 228.4 million for 9M-20/21, up by 18.3% y-o-y from the EGP 193.0 million recorded for 9M-19/20. The net profit margin came in at 39.1% for the nine-month period, down from the 43.9% booked one year previously. Strong bottom-line performance comes despite the recognition of EGP 74.2 million in nonrecurring listing expenses and indicates Taaleem's ability to effectively translate revenue growth into increased profitability. Net profit was further supported by an increase of 68.5% y-o-y in interest income to EGP 19.5 million for 9M-20/21. Normalized net profit, which adjusts for listing expenses incurred during the period, recorded EGP 285.9 million for 9M-20/21, marking an increase of 48.1% y-o-y and yielding a net profit margin of 48.9%.

The Company booked total assets of EGP 1,513.9 million as at 31 May 2021, down by 2.3% from the position of EGP 1,550.2 million reported at the close of FY-19/20 on 31 August 2020. Taaleem committed EGP 157.2 million in CAPEX outlays during 9M-20/21, recording 26.9% as a percentage of revenues for the period. CAPEX was up by 180% y-o-y from the EGP 56.1 million committed during 9M-19/20. Approximately 70% of CAPEX outlays for 9M-20/21 were allocated to the purchase and capitalization in January 2021 of land on NUB's existing campus. A further 22% of outlays were allocated to the purchase of state-of-the-art equipment for NUB's newly launched physiotherapy faculty and its learning resources center. The remainder of CAPEX outlays for 9M-20/21 were allocated to vehicles and maintenance works.

Taaleem recorded a working capital position of negative EGP 49.7 million as at 31 May 2021, as against a position of negative EGP 226.3 million reported at 31 August 2020.<sup>2</sup> 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.

The Company held EGP 158.9 million in cash and cash equivalents as at 31 May 2021, down from the EGP 329.1 million reported on 31 August 2020. The decrease in cash balances reflects the distribution of EGP 110 million in dividends during 9M-20/21, the payment of EGP 74.2 million in one-time listing expenses, and the acquisition of land in Beni Suef following the disbursement of an EGP 65 million down payment on the purchase.

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

## Recent Corporate Developments

### Continued progress towards launch of Badya University

Continued progress is being made towards the establishment of Taaleem's second institution of higher learning, Badya University in West Cairo. Taaleem has received initial approval from the Supreme Council of Private Universities (SCPU) on the project, and the university's design has been finalized. Construction is scheduled to commence during 2021, with student intake slated to begin in time for the 2022/23 academic year. Taaleem has opted to commence with mobilization and excavation works at the site until the Company receives final approval from the SCPU.

### Taaleem commences development at NUB educational hospital and faculty of arts

Construction of NUB's new teaching hospital attached to NUB's faculty of medicine will commence before the end of the current academic year. The facility will increase the quality and range of medical services available to residents of Upper Egypt. Taaleem has finalized the hospital's design and expects to receive the construction license during Q4-20/21. The Company has tendered the project and selected the contractor who will begin construction upon receipt of the required license. Taaleem has also begun development on NUB's new faculty of arts.

### Student quota increased at physiotherapy faculty

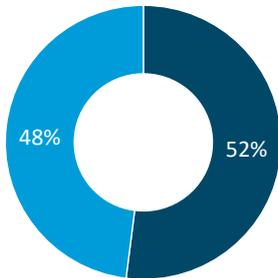
The Supreme Council of Private Universities has approved an increase of the student quota at NUB's physiotherapy faculty from 280 to 400 students. The physiotherapy faculty is NUB's newest faculty and was launched in the 2020/21 academic year.

### NUB to offer post-graduate dental degree

NUB has acquired the license required to offer post-graduate degree programs in the faculty of dental science, marking a significant enhancement of the range and quality of the academic options on offer at Taaleem's existing institution.

**Shareholder Structure**

(9M-2020/21)



■ Sphinx Obelisk BV ■ Free Float

**Share Information**

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

**About Taaleem Management Services**

Taaleem is a leading higher education provider in Egypt, which operates Nahda University in Beni Suef (“NUB”) with two campuses in Beni Suef Governorate, 100 km south of Greater Cairo. The university is the largest private university in Upper Egypt with a total capacity of just over 11,000 students and more than 6,270 enrolled students for the 2020/2021 academic year, serving Egypt’s most populous and one of its most underserved regions. Taaleem’s flagship university, NUB, hosts a wide spectrum of high- quality education, including pharmacy, dentistry, engineering, computer science, media, marketing and business administration, medicine, and physiotherapy. NUB’s faculty of medicine is Egypt’s largest private medical faculty, and one of only five nationwide, with an exclusive partnership with the Medical University of Vienna International (“MUVI”), an internationally ranked university and one of the oldest medical universities in Europe. NUB plans to launch three new faculties over the next three years, subject to obtaining regulatory approvals, which are expected to boost student capacity by 27%. In addition to NUB, the Company is in the process of launching Badya University in West Cairo, subject to regulatory approvals, with a potential total capacity of 9,160 students. Learn more at: [www.taaleem.me](http://www.taaleem.me)

**INVESTOR RELATIONS**

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**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	9M-20/21	9M-19/20	Change	Q3-20/21	Q3-19/20	Change
<b>Operating Revenues:</b>						
<i>Tuition Fees</i>	567,254,111	426,815,867	32.9%	261,858,382	168,286,533	55.6%
<i>Student Housing Subscription</i>	6,388,167	5,629,420	13.5%	3,009,387	599,742	401.8%
<i>Bus Subscription</i>	237,053	557,442	-57.5%	36,775	47,980	-23.4%
<i>Other Educational Fees</i>	10,676,685	7,050,188	51.4%	2,545,409	348,246	630.9%
<b>Total</b>	<b>584,556,016</b>	<b>440,052,918</b>	<b>32.8%</b>	<b>267,449,953</b>	<b>169,282,502</b>	<b>58.0%</b>
<b>Operating Costs</b>	(137,056,784)	(122,756,634)	11.6%	(47,518,753)	(39,927,721)	19.0%
<b>Gross Profit</b>	<b>447,499,232</b>	<b>317,296,284</b>	<b>41.0%</b>	<b>219,931,200</b>	<b>129,354,781</b>	<b>70.0%</b>
<i>Gross Profit Margin</i>	76.6%	72.1%	4.4%	82.2%	76.4%	5.8%
<b>G&amp;A Expenses</b>	(177,373,052)	(79,852,065)	122.1%	(95,334,931)	(26,530,161)	259.3%
<b>Other Income</b>	9,464,042	2,138,324	342.6%	786,469	408,926	92.3%
<b>Operating Profit</b>	<b>279,590,223</b>	<b>239,582,543</b>	<b>16.7%</b>	<b>125,382,738</b>	<b>103,233,546</b>	<b>21.5%</b>
<i>Operating Profit Margin</i>	47.8%	54.4%	-6.6%	46.9%	61.0%	-14.1%
<b>Net Finance Income:</b>						
<b>Interest Income</b>	19,490,205	11,566,165	68.5%	4,994,187	2,440,839	104.6%
<b>Interest Expense</b>	(1,465,320)	-	-	(998,588)	-	-
<b>FX Gain (Loss)</b>	56,744	(643,961)	-	(85,856)	12,123	-
<b>Total</b>	<b>18,081,629</b>	<b>10,922,204</b>	<b>65.5%</b>	<b>3,909,743</b>	<b>2,452,962</b>	<b>59.4%</b>
<b>Profit Before Tax</b>	<b>297,671,851</b>	<b>250,504,747</b>	<b>18.8%</b>	<b>129,292,481</b>	<b>105,686,508</b>	<b>22.3%</b>
<b>Current Tax Expense</b>	(68,364,417)	(56,417,064)	21.2%	(30,353,665)	(22,638,329)	34.1%
<b>Deferred Tax (Expense)/Income</b>	(917,386)	(1,039,821)	-11.8%	(149,459)	(282,857)	-47.2%
<b>Net Profit</b>	<b>228,390,049</b>	<b>193,047,862</b>	<b>18.3%</b>	<b>98,789,357</b>	<b>82,765,322</b>	<b>19.4%</b>
<i>Net Profit Margin</i>	39.1%	43.9%	-4.8%	36.9%	48.9%	-12.0%
<b>EPS</b>	<b>0.48</b>	<b>8.83</b>		<b>0.13</b>	<b>1.40</b>	

## Balance Sheet

EGP	9M-20/21	FY-19/20	Change
Cash and Cash Equivalents	29,812,563	172,411,849	-82.7%
Inventories	4,705,945	5,058,857	-7.0%
Trade and Other Receivables	38,790,138	21,742,954	78.4%
Due from Related	598	3,498,963	-
Treasury Bills	129,103,058	156,667,952	-17.6%
<b>Total Current Assets</b>	<b>202,412,302</b>	<b>359,380,575</b>	<b>-43.7%</b>
Property and Equipment	772,608,466	651,326,133	18.6%
Intangible Assets	522,171,063	522,326,711	-
Trade and Other Receivables	16,691,559	17,118,386	-2.5%
<b>Total Non-Current Assets</b>	<b>1,311,471,089</b>	<b>1,190,771,230</b>	<b>10.1%</b>
<b>Total Assets</b>	<b>1,513,883,390</b>	<b>1,550,151,805</b>	<b>-2.3%</b>
Provisions	5,623,616	5,623,614	-
Trade and Other Payables	87,656,547	74,150,746	18.2%
Deferred Revenue	5,571,303	178,999,459	-96.9%
Due to Related Parties	-	32,880	-
Current Income Tax Liability	68,486,203	46,048,374	48.7%
<b>Total Current Liabilities</b>	<b>167,337,669</b>	<b>304,855,073</b>	<b>-45.1%</b>
Deferred Tax Liabilities	101,068,535	100,151,148	0.9%
Trade and Other Payables	63,237,869	54,132,219	16.8%
<b>Total Non-Current Liabilities</b>	<b>164,306,404</b>	<b>154,283,367</b>	<b>6.5%</b>
Paid-In Capital	730,250,000	730,250,000	-
Legal Reserves	1,495,196	125,000	-
Retained Earnings	439,241,115	351,770,583	24.9%
<b>Capital and Reserves</b>	<b>1,170,986,311</b>	<b>1,082,145,583</b>	<b>8.2%</b>
Non-Controlling Interests	11,253,006	8,867,782	26.9%
<b>Total Equity</b>	<b>1,182,239,317</b>	<b>1,091,013,365</b>	<b>8.4%</b>
<b>Total Liabilities and Equity</b>	<b>1,513,883,390</b>	<b>1,550,151,805</b>	<b>-2.3%</b>

## Cash Flow Statement

EGP	9M-20/21	9M-19/20
<b>Cash Flows from Operating Activities:</b>		
Profit Before Tax	297,671,851	250,504,747
<b>Adjustments For:</b>		
Depreciation	35,906,418	30,564,703
Amortization	155,647	228,070
Impairment of Due from Related	926,525	3,668,129
<b>Operating Cash Flows Before Changes in Assets and Liabilities</b>	<b>334,660,441</b>	<b>284,965,649</b>
<b>Changes in Current and Non-Current Assets and Liabilities</b>		
Inventories	352,912	1,691,950
Prepayments and Other Debit Balances	(16,620,353)	(4,642,104)
Due from Related	2,571,840	(2,496,831)
Trade and Other Payables	22,611,461	8,204,904
Deferred Revenue	(173,428,156)	(206,879,793)
Due to Related	(32,880)	-
<b>Net Cash Flows Generated from Operating Activities</b>	<b>170,115,265</b>	<b>80,843,776</b>
Interest Income	(19,490,205)	(11,566,165)
Taxes paid during the period	(45,926,588)	(30,089,404)
<b>Net Cash Generated from Operating Activities</b>	<b>104,698,472</b>	<b>39,188,206</b>
<b>Cash Flows from Investing Activities</b>		
Payments to Purchase Fixed Assets	(157,188,760)	(56,089,992)
Interest Income	19,490,205	11,566,165
<b>Net Cash Flows Used in Investing Activities</b>	<b>(137,698,555)</b>	<b>(44,523,827)</b>
<b>Cash Flows from Financing Activities</b>		
Capital Increase	-	598,600,000
Settlement of Deferred Consideration for the Acquired Subsidiary	-	(730,596,781)
Profit Share Distribution to Employees	(7,756,084)	(7,336,554)
Dividends to Shareholders	(110,267,750)	-
Payments to Acquire Investments in Subsidiaries	-	(32,500)
Tax On Dividends Related to Expected Distribution to Shareholders	(19,140,263)	(14,377,871)
<b>Net Cash Flows Used in Financing Activities</b>	<b>(137,164,097)</b>	<b>(153,743,706)</b>
<b>Net Change in Cash and Cash Equivalents for the Period</b>	<b>(170,164,180)</b>	<b>(159,079,326)</b>
Cash and Cash Equivalents at the Beginning of the Period	328,879,801	274,919,412
<b>Cash and Cash Equivalents at the End of the Period</b>	<b>158,715,621</b>	<b>115,840,086</b>