

**TAALEEM MANAGEMENT SERVICES
COMPANY S.A.E. AND ITS SUBSIDIARIES**

**LIMITED REVIEW REPORT
AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED
30 NOVEMBER 2023**

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

**Interim consolidated financial statements
For the three month period ended 30 November 2023**

Index	Page
Limited review report for the interim consolidated financial statements	1
Interim consolidated statement of financial position	2
Interim consolidated statement of profit or loss	3
Interim consolidated statement of comprehensive income	4
Interim consolidated statement of changes in equity	5
Interim consolidated statement of cash flows	6
Notes to the interim consolidated financial statements	7 – 55



Limited review report on the interim consolidated financial statements

To the Board of Directors of Taaleem Management Services Company S.A.E.

Introduction

We have conducted a limited review for the accompanying interim consolidated statement of financial position of Taaleem Management Services Company S.A.E. (the "Company") and its subsidiaries (together the "Group") as of 30 November 2023 and the related interim consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended, and notes comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with the Egyptian Accounting Standards, and our responsibility is limited to expressing a conclusion on these interim consolidated financial statements based on our limited review.

Scope of the limited review

We have conducted our limited review in accordance with the Egyptian Standard on Review Engagements No. 2410 "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other limited review procedures. A limited review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these interim consolidated financial statements.

Conclusion

In light of our limited review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not present fairly, in all material respects, the financial position of the Company and its subsidiaries as of 30 November 2023, and their financial performance, and their cash flows for the three-month period then ended in accordance with Egyptian Accounting Standards.


Ashraf Mamdouh, CPA
R.A.A. 26231
F.R.A. 383



15 January 2024
Cairo

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

Interim consolidated statement of financial position - As at 30 November 2023

(All amounts are shown in Egyptian Pounds)

	Note	30 November 2023	31 August 2023
Assets			
Non-current assets			
Fixed assets	5	2,222,076,619	1,865,701,653
Intangible assets	6	521,652,083	521,703,888
Investment in associates	7	294,312,258	294,312,258
Right of use assets	12	31,293,866	34,192,251
Trade receivables and other debit balances	9	15,264,115	15,406,391
Total non-current assets		3,084,598,941	2,731,316,441
Current assets			
Inventories	8	7,743,296	8,050,907
Trade receivables and other debit balances	9	49,766,191	48,099,768
Cash and bank balances	11	439,843,294	429,180,355
Total current assets		497,352,781	485,331,030
Total assets		3,581,951,722	3,216,647,471
Equity and liabilities			
Equity			
Paid up capital	13	730,250,000	730,250,000
Put option reserve		(505,573,271)	(481,548,501)
Reserves	14	16,324,479	10,623,911
Retained earnings		1,047,107,217	858,262,295
Capital and reserves attributable to owners of the Parent Company		1,288,108,425	1,117,587,705
Non-controlling interests	15	87,561,725	85,561,394
Total equity		1,375,670,150	1,203,149,099
Liabilities			
Non-current liabilities			
Deferred tax liabilities	17	96,719,180	96,821,021
Trade and other payables	19 (A)	174,900,712	218,613,654
Lease liability	20	27,889,003	31,445,468
Bank borrowings	16	716,145,539	535,004,455
Put option liability	22	505,573,271	481,548,501
Total non-current liabilities		1,521,227,705	1,363,433,099
Current liabilities			
Provisions	18	4,730,716	4,730,716
Lease liability	20	13,145,790	12,455,217
Bank borrowings	16	112,500,000	54,230,781
Trade and other payables	19 (A)	264,222,485	265,477,982
Deferred revenue	19 (B)	135,456,116	222,859,166
Current income tax liability	21	154,998,760	90,311,411
Total current liabilities		685,053,867	650,065,273
Total liabilities		2,206,281,572	2,013,498,372
Total liabilities and equity		3,581,951,722	3,216,647,471

The accompanying notes on pages 7 - 55 form an integral part of these interim consolidated financial statements.

Auditor's report attached.



Mr, Khaled Khater
Group Chief Financial Officer

15 January 2024



Eng, Mohamed El Rashidi
Chief executive officer

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

**Interim consolidated statement of profit or loss
For the three month period ended 30 November 2023**

(All amounts in Egyptian Pounds)

	Note	30 November 2023	30 November 2022
Revenue	23	391,895,040	229,808,458
Costs of services rendered	24	(69,652,364)	(55,689,514)
Gross profit		322,242,676	174,118,944
General and administrative expenses	25	(53,022,861)	(39,979,226)
Other income		1,382,309	839,916
Operating profit		270,602,124	134,979,634
Finance income - net	27	14,710,268	4,114,189
Profit before tax		285,312,392	139,093,823
Current tax expense	28	(64,687,349)	(33,133,571)
Deferred tax income	28	101,841	2,038,844
Profit for the period		220,726,884	107,999,096
Profit is attributable to			
Owner's of the Parent Company		218,726,553	107,017,154
Non-controlling interests	15	2,000,331	981,942
Profit for the period		220,726,884	107,999,096
Earning per share	29	0.30	0.14

The accompanying notes on pages 7 - 55 form an integral part of these interim consolidated financial statements.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

Interim consolidated statement of comprehensive income For the three month period ended 30 November 2023

(All amounts in Egyptian Pounds)

	<u>30 November 2023</u>	<u>30 November 2022</u>
Profit for the period	220,726,884	107,999,096
Other comprehensive income	-	-
Total comprehensive income for the period	<u>220,726,884</u>	<u>107,999,096</u>
Total comprehensive income is attributable to:		
Owner's of the Parent Company	218,726,553	107,017,154
Non-controlling interests	<u>2,000,331</u>	<u>981,942</u>
Total comprehensive income for the period	<u>220,726,884</u>	<u>107,999,096</u>

The accompanying notes on pages 7 - 55 form an integral part of these interim consolidated financial statements.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

**Interim consolidated statement of changes in equity
For the three month period ended 30 November 2023**

(All amounts in Egyptian Pounds)

	Note	Attributable to owners of Taaleem Management Services S.A.E.						Non- controlling interest	Total equity
		Paid-up capital	Reserves	Put option reserve	Retained earnings	Total	Total		
Balance at 1 September 2022		730,250,000	3,020,225	-	591,297,005	1,324,567,230	12,281,916	1,336,849,146	
Dividends to board members and employees		-	-	-	(11,749,591)	(11,749,591)	-	(11,749,591)	
Legal reserve	14	-	3,861,964	-	(3,861,964)	-	-	-	
Employee stock ownership plan		-	2,104,141	-	-	2,104,141	-	2,104,141	
Total comprehensive income for the period		-	-	-	107,017,154	107,017,154	981,942	107,999,096	
Balance at 30 November 2022		730,250,000	8,986,330	-	682,702,604	1,421,938,934	13,263,858	1,435,202,792	
Balance at 1 September 2023		730,250,000	10,623,911	(481,548,501)	858,262,295	1,117,587,705	85,561,394	1,203,149,099	
Dividends to board members and employees		-	-	-	(26,507,775)	(26,507,775)	-	(26,507,775)	
Legal reserve	14	-	3,373,856	-	(3,373,856)	-	-	-	
Employee stock ownership plan	14	-	2,326,712	-	-	2,326,712	-	2,326,712	
Total comprehensive income for the period		-	-	-	218,726,553	218,726,553	2,000,331	220,726,884	
Put option reserve	22	-	-	(24,024,770)	-	(24,024,770)	-	(24,024,770)	
Balance at 30 November 2023		730,250,000	16,324,479	(505,573,271)	1,047,107,217	1,288,108,425	87,561,725	1,375,670,150	

The accompanying notes on pages 7 - 55 form an integral part of these interim consolidated financial statements.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

**Interim consolidated statement of cash flow
For the three month period ended 30 November 2023**

(All amounts in Egyptian Pounds)

	<u>Note</u>	<u>30 November 2023</u>	<u>30 November 2022</u>
Cash flows from operating activities			
Profit for the period before tax		285,312,392	139,093,823
Adjustment for:			
Fixed assets depreciation	5	12,357,184	11,924,298
Intangible assets amortization	6	51,805	51,804
Gain from sale of fixed assets		(727,402)	-
Right of use assets depreciation	12	2,898,385	2,469,939
Employee stock ownership plan expense	14	2,326,712	2,104,141
Interest expense – lease	20	1,205,458	1,141,460
Interest income	27	(15,950,500)	(5,892,672)
Operating profits before changes in operating assets and liabilities		287,474,034	150,892,793
Change in current and non-current assets and liabilities			
Inventories		307,611	154,465
Trade and other debit balances		(1,524,147)	(24,092,477)
Trade and other payables		(44,968,439)	(16,097,235)
Deferred revenue		(87,403,050)	53,145,832
Change in restricted cash		-	20,000
Net cash flows generated from operating activities		153,886,009	164,023,378
Cash flows from investing activities			
Payments for purchase of fixed assets	5	(368,732,150)	(61,451,930)
Proceeds from sales of fixed assets		727,402	-
Interest income collected	27	15,950,500	5,892,672
Net cash flows used in investing activities		(352,054,248)	(55,559,258)
Cash flows from financing activities			
Proceeds from bank borrowings		239,410,303	-
Dividends to board members and employees		(26,507,775)	(11,749,591)
Lease payments		(4,071,350)	(2,852,451)
Net cash flows generated from / (used in) financing activities		208,831,178	(14,602,042)
Net change in cash and cash equivalents		10,662,939	93,862,078
Cash and cash equivalents at the beginning of the period		429,180,355	106,808,551
Cash and cash equivalents at the end of the period	11	439,843,294	200,670,629

The accompanying notes on pages 7 - 55 form an integral part of these interim consolidated financial statements.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

Notes to the interim consolidated financial statements For the three month period ended 30 November 2023

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

1. Introduction

Taaleem Management Services Company S.A.E (the "Company") was established on 8 September 2014 in accordance with Law No.159 of 1981 and its executive regulations under the name of Bisco Investment Company, which is changed on 3 July 2016 to be Taaleem Management Services Company S,A.E. The Company was registered in the commercial register under No. 96337. The Company's term is 25 years as of the date it is entered in the commercial register.

The Company's head office is located at unit number (N3-01), third floor, Neptune building number (2), Plot number 12, Crazy water axis, Sheikh Zayed.

The purpose of the Company is general trade, facilities and institutions services (management, operational, operational lease as a lessee or lessor, planning, marketing, facilities management), human resources management and training, quality assurance management, conferences and events management, general and educational consultancy services (except consultancy and advisory services in relation to stock exchanges, legal, capital increase & acquisition valuation, and capital market advisory listed under article 27 of capital market law and its executive regulations), private universities establishment and management, educational institutions management under law no. 12/2009, the company is allowed to acquire, merge, or partner with other companies to carry its purpose.

On 22 September 2019, EgyEdu Invest B.V a shareholding company incorporated in the Netherlands (intermediary parent) acquired 60% of the shares of "Sphinx Obelisk", the parent of Taaleem Management Services, which is considered the leading management service provider for private higher education institutions in Egypt; operates and controls the "Nahda University" in Bani Suif.

The company's shares were listed on the Egyptian Stock Exchange on April 7, 2021, and the ownership structure changed.

Sphinx Obelisk (the former direct parent company) of Taaleem Management Services has sold its entire share to its shareholders, and currently the largest shareholder in Taaleem Management Services is (Thebes CV) owning 21% of the company's capital.

The interim consolidated financial statements have been approved by the Board of Directors on 15 January 2024, and the general assembly of shareholders has the right to amend these financial statements after it's issuance.

2. Accounting policies

The principal accounting policies applied in the preparation of these interim consolidated financial statements are summarised below. They were applied consistently over the presented financial periods unless otherwise stated:

2.1 New issues and amendments made to the Egyptian Accounting Standards

The Prime Minister issued Decision No. 883 of 2023 in March 2023, amending some provisions of Egyptian accounting standards, which include some new accounting standards and amendments to some existing standards. These amendments were published in the Accounting Standards in the Official Gazette on 6 March 2023. The most important amendments are summarized as follows, which are effective for the financial periods beginning on or after January 1, 2023.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

**Notes to the interim consolidated financial statements
For the three month period ended 30 November 2023**

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

2. Accounting policies (continued)

2.1 New issues and amendments made to the Egyptian Accounting Standards (continued)

Standard name	Modification summary	Potential impact on the financial statements	Application date
Egyptian Accounting Standard No. (10) "Fixed Assets and Their Depreciation"	<p>"Scope of the standard" The scope of the standard has been amended to include "bearer plants".</p> <p>"Measurement" - An option to apply the revaluation model for fixed assets has been added - Paragraph (20 / A) has been added, according to which the facility must record the proceeds from the sale of any output produced during the delivery of the fixed asset to the condition necessary for it to be operable in the manner intended by the management within the profits or losses.</p> <p>"Disclosures" Some new disclosures have been added to the re-evaluation form.</p>	The standard has no impact on the financial statements.	<p>The Company has not applied the option to use the revaluation model for the fixed assets.</p> <p>The amendments to add the option to use the re-evaluation model on the financial periods beginning on or after September 1, 2023.</p>
Egyptian Accounting Standard No. (23) "Intangible Assets"	<p>"Scope of the standard" The scope of the intangibles standard has been amended to include rights held by the lessee under licensing agreements for items such as motion picture films, video recordings, plays, manuscripts, patents, and copyrights.</p>	The standard has no impact on the financial statements.	<p>The Company has not applied the option to use the revaluation model for the intangible assets.</p> <p>The amendments to add the option to use the re-evaluation model on the financial periods beginning on or after September 1, 2023.</p>

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

**Notes to the interim consolidated financial statements
For the three month period ended 30 November 2023**

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

Standard name	Modification summary	Potential impact on the financial statements	Application date
	<p>"Measurement" - An option to apply the revaluation model for intangible assets has been added - The fair value is determined by an estimate made by experts specialized in valuation and valuation among those registered in a register designated for that in the Financial Regulatory Authority.</p> <p>"Disclosures" Some new disclosures have been added to the re-evaluation form.</p>		
<p>Amendments to Egyptian Accounting Standard No. (23) "Intangible Assets" Amendments to the Egyptian Accounting Standard "Fixed Assets" No. (10) and the Egyptian Accounting Standard No. (23) "Intangible Assets" related to depreciation and amortization.</p>	<p>This amendment clarifies that a depreciation method that is based on revenue generated from an activity that includes depreciation of an asset may not be used. As the generation of revenue related to the asset reflects factors other than the consumption of economic benefits related to the asset. It is possible to refute this assumption in limited cases related to intangible assets when there is a close correlation between the volume of revenue and the intangible asset.</p>	<p>The standard has no impact on the financial statements.</p>	<p>Applies to financial periods beginning on or after September 1, 2023.</p>

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

Notes to the interim consolidated financial statements For the three month period ended 30 November 2023

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

Standard name	Modification summary	Potential impact on the financial statements	Application date
Egyptian Accounting Standard No. (49) "Lease Contracts"	"Measurement" A revaluation model option has been added to all usufruct assets, if the usufruct asset is related to a category of fixed assets in which the lessee applies the revaluation model contained in Egyptian Accounting Standard No. (10) "Fixed Assets and Their Depreciation". "Disclosures" Some new disclosures have been added regarding the revaluation model in accordance with Egyptian Accounting Standard No. (10) "Fixed Assets and Their Depreciation".	The standard has no impact on the financial statements.	The Company has not applied the option to use the revaluation model for the lease contracts. The amendments to add the option to use the revaluation model on the financial periods beginning on or after September 1, 2023.

The following Egyptian Accounting Standards have been amended to comply with the addition of the option to apply the revaluation model and the fair value model as mentioned in the above paragraphs:

Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" Egyptian Accounting Standard No. (5) "Accounting Policies" Egyptian Accounting Standard No. (13) "The Effects of Changes in Foreign Currency Exchange Rates" Egyptian Accounting Standard No. (24) "Income Taxes" Egyptian Accounting Standard No. (31) "impairment of assets" Egyptian Accounting Standard No. (32) "non-current assets held for the purpose of sale and non-continuing operations".

2.2 Basis of preparation of the interim consolidated financial statements

These interim consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards, and the relevant laws, and on the basis of the historical cost convention.

The EASs require the reference to the International Financial Reporting Standards (IFRS) when there is no EAS, or legal requirements that explain the treatment of specific balances and transactions.

The preparation of the interim consolidated financial statements in conformity with EASs requires the use of certain critical accounting estimates. It also requires the Group's management to exercise its judgement in the process of applying the Group's accounting policies. Note (4) describes the significant accounting estimations and assumptions of these interim consolidated financial statements, as well as significant judgments used by the Group's management when applying the Group's accounting policies.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

Notes to the interim consolidated financial statements For the three month period ended 30 November 2023

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

2. Accounting policies (continued)

2.2 Basis of preparation of the interim consolidated financial statements (continued)

Percentage of ownership in subsidiaries

The Group consists of the below companies unless otherwise stated and the percentage of ownership in subsidiaries are as follows:

	Country of incorporation	Ownership interest held by the Group		Ownership interest of non-controlling interest	
		30 November 2023	31 August 2023	30 November 2023	31 August 2023
Nahda Education Services S.A.E.	Egypt	99.99%	99.99%	0.01%	0.01%
Nahda University LP & Nahda University	Egypt	98.9%	98.9%	1.1%	1.1%
Nahda University for Education and Management Services Company S.A.E.	Egypt	99.9%	99.9%	0.1%	0.1%
Egyptian International Higher Education S.A.E.	Egypt	60%	60%	40%	40%

Ownership interest held by the Group in Nahda University LP includes Nahda University business. All subsidiaries reporting dates are based on the educational and academic year (September till August each year).

Financial information about the material subsidiary of the Group as follows:

Name of subsidiary	Nahda University	
	30 November 2023	31 August 2023
Summarised balance sheet		
Current assets	690,046,091	629,336,400
Current liabilities	(495,192,964)	(497,530,547)
Current net assets	194,853,127	131,805,853
Non-current assets	1,320,088,212	1,253,092,128
Non-current liabilities	(363,438,517)	(421,935,431)
Non-current net assets	956,649,695	831,156,697
Net assets	1,151,502,822	962,962,550
Accumulated NCI	16,913,609	14,852,500

Name of subsidiary	Nahda University	
	30 November 2023	30 November 2022
Summarized statement of profit and loss		
Revenue	393,892,801	230,618,374
Profit for the period	188,540,271	89,823,289
Other comprehensive income	-	-
Total comprehensive income	188,540,271	89,823,289
Profit allocated to NCI	2,061,109	981,942

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

Notes to the interim consolidated financial statements For the three month period ended 30 November 2023

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

2. Accounting policies (continued)

2.2 Basis of preparation of the interim consolidated financial statements (continued)

Name of subsidiary	Nahda University	
	30 November 2023	30 November 2022
Summarized statement of cash flows		
Cash flows generated from operating activities	96,300,563	12,788,087
Cash flows used in investing activities	(65,538,793)	(58,897,919)
Cash flows generated from / (used in) financing activities	13,067,387	(2,292,000)
Net increase / (decrease) in cash and cash equivalents	43,829,157	(48,401,832)

Nahda Education Services S.A.E, Nahda University LP and Nahda University

In 2006, a presidential decree was issued granting the right to a group of founders (the predecessor founders) to establish Nahda University ("The University").

On 6 September 2015, Taaleem Management Services Company S.A.E. acquired one share in Nahda Education Services Company S.A.E. for a nominal amount to enable it to subscribe in the Nahda Education Services Company S.A.E. share capital increase from EGP 250,000 to E.G.P. 10 Million. The Company general meeting approved the share capital increase on 10 September 2015. Taaleem Management Services Company S.A.E was the sole subscriber to the Nahda Education Services S.A.E. capital increase (only 25% of the share capital increase was required to be paid).

On 9 September 2015, the predecessor ultimate controlling party paid 730,263,464 Egyptian Pounds and entered into an investment agreement to acquire 97.72 of Nahda University founder share and 100% of Nahda Education Service S.A.E., which in turn own 98.73 of Nahda LP. On 10 September 2015, Nahda Education Services Company S.A.E. entered into an assignment agreement with the University's founders whereby they have contractually passed to Nahda Education Services Company S.A.E. all of their beneficial rights in the University. Subsequently; during 2019 a presidential decree issued to transfer 97.72% of the university's predecessor founders rights to Nahda University for Education and Management Services Company S.A.E (the New Founder).

On 10 September 2015, Taaleem Management Services Company S.A.E. entered into a management agreement with Nahda University, which was subsequently revised on 1 June 2016. As per the revised management agreement, Taaleem Management Services Company S.A.E. became entitled to a management fee and can unilaterally direct the relevant activities of the University, drive key decisions, be exposed to variable return as a result of the University's performance, and manage the day to day activities of the University. By virtue of this revised management agreement and the above other arrangements, Taaleem Management Services Company S.A.E. obtained control over the Nahda University's business and consolidated the University's business in its financial statements from that date.

On 31 October 2016, Taaleem Management Services Company S.A.E. acquired the remaining 2.5% in Nahda Education Services Company S.A.E. to become a wholly owned subsidiary.

On 11 August 2020, Taaleem Management Services Company S.A.E. acquired an additional 0.18% of Nahda LP and 0.71% of the University founder share for an EGP 2,000,000 consideration. After the transaction, Taaleem and Nahda Education S.A.E. ownership in Nahda LP became 98.91%. The carrying amount of the existing non-controlling interest was 250,000 EGP and the consideration paid to non-controlling is 2,000,000 EGP. The group recognized a decrease in non-controlling interests of 1,450,439 EGP and a decrease in equity attributable to owners of the parent of 549,561 EGP.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

Notes to the interim consolidated financial statements For the three month period ended 30 November 2023

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

2. Accounting policies (continued)

2.2 Basis of preparation of the interim consolidated financial statements (continued)

Nahda University for Education and Management Services Company S.A.E.

During October 2017, Taaleem Management Services Company S.A.E established Nahda University for Education Management Services Company S.A.E, which was registered in the commercial register under No. 111584 on 26 October 2017 (the "Established entity"). At the date of establishment Taaleem Management Services Company S.A.E owned 48%.

On the 19th of September 2019, the Company entered into a nominee agreement with a shareholder that owns 52% ("the Shareholder") of the established entity. The agreement concluded that the shareholder is a nominee of the company with the assignment of the title of the shares along with the attached voting, managerial and distribution rights to the Company. Accordingly, the group concluded that it controls the established entity and its results were consolidated in the consolidated financial statements starting from the date of the agreement.

Egyptian International Higher Education S.A.E.

On 1 February 2021, Taaleem Management Services Company S.A.E established Egyptian International Higher Education S.A.E (EIHE), which was registered in the commercial register under No. 161102 (the "Established entity"). At the date of establishment Taaleem Management Services Company S.A.E owned 60%, and Palm Hills for Education S.A.E. owned 40%.

Upon establishment of "EIHE", the Company entered into a shareholder's agreement with Palm Hills for Education S.A.E. On the 1st of February 2023, an amendment was signed that gives the right to Taaleem Management Services S.A.E. to control the subsidiary "EIHE". Its results were consolidated in the group consolidated financial statements starting from the date of the presidential decree issued on 12 August 2023 to establish a private university under the name "Badya University".

2.3 Basis of consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

2.3.1 Acquisition method

The Group applies the acquisition method to account for business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred in a business combination is measured at the fair value of the assets transferred, the liabilities incurred by the Group to the former owners of the acquiree, the equity interests issued by the Group, the fair value of any asset or liability resulting from a contingent consideration arrangement, and fair value of any pre-existing equity interest in the subsidiary.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

Notes to the interim consolidated financial statements For the three month period ended 30 November 2023

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

2. Accounting policies (continued)

2.2.1 Acquisition method (continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date. In any business combination, the Group recognises any non-controlling interests in the subsidiary at the proportionate share of the recognised amounts of acquiree's identifiable net assets at the date of acquisition. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquirer is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

Inter-Company assets, liabilities, equity, income, expenses, and cash flows related to transactions between Group companies are eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2.2.2 Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to the parent company.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture, or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.3 Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired, and contingent liabilities at the date of acquisition. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

Notes to the interim consolidated financial statements For the three month period ended 30 November 2023

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

2. Accounting policies (continued)

2.2.3 Goodwill (continued)

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Group's CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored inside the group at the operating segments level.

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.2.4 Measurement period

The measurement period is the period required for the Group to obtain the information needed for the initial measurement of the items resulting from the acquisition of the subsidiary and does not exceed one year from the date of acquisition. In case the Group obtains new information during the measurement period relative to the acquisition, amendment is made retrospectively for the amounts recognised at the date of acquisition.

2.3 Investment in associate

Investments in associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

Notes to the interim consolidated financial statements For the three month period ended 30 November 2023

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

2. Accounting policies (continued)

2.3 Investment in associate (continued)

Where an entity holds 20% or more of the voting power (directly or through subsidiaries) on an investee, it will be presumed the investor has significant influence unless it can be clearly demonstrated that this is not the case. If the holding is less than 20%, the entity will be presumed not to have significant influence unless such influence is clearly demonstrated.

A substantial or majority ownership by another investor does not necessarily preclude an entity from having significant influence.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2.4 Foreign currency transaction

Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured and presented using the currency of the primary economic environment in which the Group operates ('the functional currency'). The consolidated financial statements are presented in Egyptian Pounds, which is the Group's functional and presentation currency.

Transactions and balances

Transactions made in foreign currency during the period are initially recognised in the functional currency of the Group on the basis of translation of foreign currency using the spot prevailing exchange rates between the functional currency and the foreign currency at the date of the transaction, and the monetary items denominated in foreign currency are also translated using the closing rates at the end of each financial period. Foreign exchange gains and losses resulting from the settlement of such monetary items and from the translation of monetary items denominated in foreign currencies are recognised by the Group in the profit and loss in the period in which these differences arise.

Translation differences on non-monetary financial assets and liabilities that are measured by fair value are recognised as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised as profit or loss as part of fair value gain or loss. For available for sale financial assets, which do not represent monetary items (e.g. equity instruments), gains or losses recognised within other comprehensive income.

2.5 Fixed assets

The Group applies the cost model for measurement of fixed assets, and the fixed assets are recognised on their costs net of the accumulated depreciation and accumulated impairment losses. The cost of fixed asset includes any costs directly associated with bringing the asset to a working condition for its use intended by the management of the Group.

The Group recognises subsequent costs of the acquisition of the fixed asset as a separate asset, only when it is probable that future economic benefits will flow to the Group and the cost of the item can be measured reliably. The Group recognises in the carrying value of fixed asset the cost incurred to replace part of that asset at the date such costs are borne, and the carrying amount of replaced parts are derecognised. The Group recognises the costs of daily servicing of the fixed assets in the consolidated statement of profit or loss.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

Notes to the interim consolidated financial statements For the three month period ended 30 November 2023

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

2. Accounting policies (continued)

2.5 Fixed assets (continued)

The straight-line method is used to allocate the depreciation of fixed assets consistently to their residual values over their estimated useful lives, except for lands, which are characterised with unlimited estimated useful life.

Below are the estimated useful lives of each type of the assets' Groups:

Buildings	40 years
Infrastructure	10 years
Furniture and fixtures	7 years
Laboratories	7 years
Machinery and equipment	7 years
Vehicles	5 years
Books	20 years
Programs & computers	10 years

The Group reviews the residual value of fixed assets and estimated useful lives of fixed assets at the end of each fiscal year and adjusted when expectations differ from previous estimates.

The carrying amount of the fixed asset is reduced to the recoverable amount, if the recoverable amount of an asset is less than it carrying amount. This reduction is considered as a loss resulting from impairment and is recognized in the consolidated statement of profit or loss.

Gains or losses on the disposal of an item of fixed assets from the books are determined based on the difference between the net proceeds from the disposal of the item and the book value of the item, and the gain or loss resulting from the disposal of fixed assets is included in the consolidated statement of profit and loss "Other expenses - income".

Projects under construction are allocated to the relevant fixed assets category when the relevant assets are ready for use when it meets all the fixed assets recognition conditions. When the projects under construction cost exceeds the value expected to be recoverable it is reduced to the expected recoverable cost and the difference is recognized directly to the interim consolidated statement of profit or loss.

2.6 Financial assets

(i) Classification

The Group classifies financial assets in the following measurement categories:

- assets measured at fair value (either through other comprehensive income or through profit or loss); or
- asset measured at amortized cost. Financial assets at amortized cost consists of accounts receivables, other debit balances and treasury bills.

The classification depends on the Group's business model for managing the related assets portfolio and the cash flow characteristics of the asset.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

Notes to the interim consolidated financial statements For the three month period ended 30 November 2023

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

2. Accounting policies (continued)

2.6 Financial assets (continued)

As for the financial assets measured at fair value, the profits or losses will be recorded in the consolidated profit or loss statement or the consolidated other comprehensive income statement. As for the investments in equity instruments not held for trading, it depends on whether the Group has made an irrevocable election at initial recognition to measure the equity investment at fair value through other comprehensive income.

Debt instruments are reclassified only when the business model for managing these assets as a whole changes.

(ii) Recognition and Derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

(iii) Subsequent measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(iv) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the related assets portfolio and the cash flow characteristics of the asset. There are three measurement categories in which the Group's debt instruments are classified:

- Amortized Cost: Assets held solely to collect the contractual cash flows from the assets; as these cash flows only represents payments of principal and interest is measured at amortized cost. Interest income from these financial assets is presented in Finance income using the effective interest method. Any profit or loss resulting from the derecognition of these financial assets is presented in the consolidated profit or loss statements as other income/loss in addition to the foreign exchange gains or losses as other income/loss. Impairment expense is presented as a separate line item in the statement of profit or loss.
- Fair value through other comprehensive income: Assets held to collect both the contractual cash flows and the cash flows arising from the sale of assets; as these cash flows only represents payments of principal and interest at fair value through other comprehensive income.

Movements in the carrying amount are presented through the consolidated statement of other comprehensive income, with the exception of recognizing impairment gains or losses, interest income and foreign exchange gains and losses recognized in the consolidated statement of profit or loss.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

Notes to the interim consolidated financial statements For the three month period ended 30 November 2023

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

2. Accounting policies (continued)

2.6 Financial assets (continued)

On the financial asset derecognition, retained earnings/losses -previously recognized in the consolidated statement of other comprehensive income- from the statement of equity to the consolidated statement of profit or losses and recognized in other income/(loss). Interest income from these financial assets is included in financing income using the effective interest method. Foreign exchange gains and losses are presented in other income/(loss) and impairment expense is presented as a separate line item in the statement of profit or loss.

- Fair value through profit or loss: Assets not meeting the criteria if amortized cost of fair value through other comprehensive income is measured at fair value through profit or loss. The income or loss from debt instrument that is subsequently measured at fair value through profit or loss in the consolidated statement of profit or loss (net) included in the other income/loss during the period it was originated in.

2.7 Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit loss ("ECL") associated with its financial assets carried at amortized cost.

As permitted by EAS 47, the Group applies the simplified approach for ECL on trade receivables and due from related parties. The Group uses a provision matrix in the calculation of the ECL on trade receivables and due from related parties to estimate the lifetime expected credit losses, applying certain provision rates to respective aging buckets.

Expected loss rates are determined using the historical propensity for the receivables to become uncollectible and are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of customers to settle receivables.

Cash and cash equivalents are also subject to the impairment requirements of EAS 47; however, the identified impairment loss was immaterial.

Financial assets are written off when all of the following conditions are met:

- (i) the receivable is at least one year past due,
- (ii) the Group has attempted to recover and engaged in all relevant legal enforcement activities,
- (iii) it is concluded that there is no reasonable expectation of recovery, and
- (iv) the write-off is approved by the management.

Recoveries made are recognized in the interim consolidated statement of comprehensive income.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

Notes to the interim consolidated financial statements For the three month period ended 30 November 2023

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

2. Accounting policies (continued)

2.8 Intangible assets other than goodwill

2.8.1 Licenses

The University licences acquired in a business combination are recognised by reference to fair value at the acquisition date. The University license presidential decree is indefinite, there are provisions for neither a licensing period nor license revoking in the private universities law No. 101 for 1992 which amended by law No. 12 for 2009, or its executive regulations, no governmental periodic renewal process or renewal fees requirements and no similar University license has been historically revoked or suspended in Egypt The Group does not charge amortisation expenses to licence as it is considered as infinite lived intangible asset.

For Software license: amortization is made over the license period, which is 10 years. The license is for the sites and educational programs that support the Group in the framework of the transition to interactive education.

2.8.2 Acquired customer relationships with existing students

Existing students acquired in a business combination are recognised by reference to fair value at the acquisition date. The Group charges amortisation expenses of the existing students' relationships as the economic benefits derived are expected over 4 years using the straight-line method.

2.9 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2.10 Cash and cash equivalents

In the consolidated statement of cash flows, "cash and cash equivalents" includes cash in hand and with banks and deposits with maturities less than 3 months from the date of placement and treasury bills that are less than 3 months.

2.11 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories comprises costs of purchase and other costs, incurred by the Group in bringing the inventories to their present location and condition, and excludes borrowing costs.

2.12 Capital

Ordinary shares are classified within equity.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

Notes to the interim consolidated financial statements For the three month period ended 30 November 2023

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

2. Accounting policies (continued)

2.13 Current and deferred income tax

The Group recognises the current and deferred tax in the profit or loss for the year. Current and deferred tax is recognised in other comprehensive income or directly in equity if it related to items recognised - in the same period or different periods- in the consolidated statement of comprehensive income or directly in equity.

The income tax for the year is calculated on the basis of the tax laws enacted at the balance sheet date. Management annually evaluates tax situation through tax returns, taking into account the differences that may arise from some interpretations issued by administrative or regulatory authorities, and establishes the appropriate provisions on the basis of amounts expected to be paid to the tax authority.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax is determined using tax rates and laws that have been enacted at the date of the consolidated financial statements and are expected to apply when the related deferred income tax asset is used or the deferred tax liability is settled.

The deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is not recognised if it arises from the initial recognition of an asset or liability in a transaction - other than a business combination - that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax liabilities are recognised on temporary differences arising from investments in subsidiaries, associates and shares in joint arrangements, except for such cases where the timing of the settlement of the temporary difference is controlled by the Group and it is probable that the temporary differences will not be settled in the foreseeable future. Generally, the Group is unable to control the settlement of the temporary difference for associates, only where there is an agreement in place that gives the Group the ability to control the settlement of the temporary difference.

Deferred tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and equity shares in joint ventures only to the extent that it is probable the temporary differences will be settled in the future and there is future taxable profit available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the current taxable liabilities and assets on a net basis.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

Notes to the interim consolidated financial statements For the three month period ended 30 November 2023

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

2. Accounting policies (continued)

2.14 Employees' benefits

(i) Profit-sharing

According to Companies law, employees are entitled to a profit-sharing equivalent to 10% of the value of cash dividends, not exceeding the total wages at the last fiscal year, according to the proposals made by the group's board of directors and subject to approval by the general assembly of the Company's shareholders. Profit sharing is recognised as a dividend distribution through equity and as a liability when approved by the Group's shareholders.

(ii) Defined contribution plan

The Company contributes to the government social insurance system for the benefit of its personnel in accordance with the social insurance law No. 79 for the year 1975 and its amendments. The subsidiary's liability is confined to the amount of its contribution. Contributions are charged to the statement of profit and loss using the accrual basis of accounting.

(iii) Employee Share Ownership Plan

Taaleem Management Services Company promises to sell shares to the company's selected employees in accordance with the criteria, principles and rules that are set by the supervisory committee to implement the plan. The main aim of the scheme is to link the interests of the beneficiaries of the scheme with the interests of the Company shareholders and to ensure that highly qualified participants receive the appropriate incentive to support the growth and stability of the Company.

The company's supervisory committee supervises the implementation of the system under the supervision of the company's board of directors.

Elements of the scheme:

- Each beneficiary is granted units that are considered the basis on which allocated shares are calculated.
- The supervisory committee determines the date of the grant.
- The scheme period is seven years starting from the date of listing of the company's shares on the Egyptian Stock Exchange on April 7, 2021.
- The total shares allocated to each beneficiary shall be allocated over five years with each year grant calculated based on the following formula :
 - A- The difference between the share price at the beginning of the year (the first trading of the company's shares on the Egyptian Stock Exchange, which was 5.75 Egyptian Pounds for the first allocation) and the share price upon the exercise of the right by the end of the year. Then, the difference is multiplied by the number of units allocated to each participant to calculate the grant. The monetary allocation shall be then divided into three equal values, and exercised over three consecutive years through the ownership of shares at the share market price at the time of each exercise.
- Starting from April 2021, the number of units allocated to this scheme were 83,978,750 units to be allocated over five years for 16,795,750 units per year.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

Notes to the interim consolidated financial statements For the three month period ended 30 November 2023

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

2. Accounting policies (continued)

2.8 Intangible assets other than goodwill

2.8.1 Licenses

The University licences acquired in a business combination are recognised by reference to fair value at the acquisition date. The University license presidential decree is indefinite, there are provisions for neither a licensing period nor license revoking in the private universities law No. 101 for 1992 which amended by law No. 12 for 2009, or its executive regulations, no governmental periodic renewal process or renewal fees requirements and no similar University license has been historically revoked or suspended in Egypt The Group does not charge amortisation expenses to licence as it is considered as infinite lived intangible asset.

For Software license: amortization is made over the license period, which is 10 years. The license is for the sites and educational programs that support the Group in the framework of the transition to interactive education.

2.8.2 Acquired customer relationships with existing students

Existing students acquired in a business combination are recognised by reference to fair value at the acquisition date. The Group charges amortisation expenses of the existing students' relationships as the economic benefits derived are expected over 4 years using the straight-line method.

2.9 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2.10 Cash and cash equivalents

In the consolidated statement of cash flows, "cash and cash equivalents" includes cash in hand and with banks and deposits with maturities less than 3 months from the date of placement and treasury bills that are less than 3 months.

2.11 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories comprises costs of purchase and other costs, incurred by the Group in bringing the inventories to their present location and condition, and excludes borrowing costs.

2.12 Capital

Ordinary shares are classified within equity.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

Notes to the interim consolidated financial statements For the three month period ended 30 November 2023

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

2. Accounting policies (continued)

2.13 Current and deferred income tax

The Group recognises the current and deferred tax in the profit or loss for the year. Current and deferred tax is recognised in other comprehensive income or directly in equity if it related to items recognised - in the same period or different periods- in the consolidated statement of comprehensive income or directly in equity.

The income tax for the year is calculated on the basis of the tax laws enacted at the balance sheet date. Management annually evaluates tax situation through tax returns, taking into account the differences that may arise from some interpretations issued by administrative or regulatory authorities, and establishes the appropriate provisions on the basis of amounts expected to be paid to the tax authority.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax is determined using tax rates and laws that have been enacted at the date of the consolidated financial statements and are expected to apply when the related deferred income tax asset is used or the deferred tax liability is settled.

The deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is not recognised if it arises from the initial recognition of an asset or liability in a transaction - other than a business combination - that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax liabilities are recognised on temporary differences arising from investments in subsidiaries, associates and shares in joint arrangements, except for such cases where the timing of the settlement of the temporary difference is controlled by the Group and it is probable that the temporary differences will not be settled in the foreseeable future. Generally, the Group is unable to control the settlement of the temporary difference for associates, only where there is an agreement in place that gives the Group the ability to control the settlement of the temporary difference.

Deferred tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and equity shares in joint ventures only to the extent that it is probable the temporary differences will be settled in the future and there is future taxable profit available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the current taxable liabilities and assets on a net basis.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

Notes to the interim consolidated financial statements For the three month period ended 30 November 2023

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

2. Accounting policies (continued)

2.14 Employees' benefits

(i) Profit-sharing

According to Companies law, employees are entitled to a profit-sharing equivalent to 10% of the value of cash dividends, not exceeding the total wages at the last fiscal year, according to the proposals made by the group's board of directors and subject to approval by the general assembly of the Company's shareholders. Profit sharing is recognised as a dividend distribution through equity and as a liability when approved by the Group's shareholders.

(ii) Defined contribution plan

The Company contributes to the government social insurance system for the benefit of its personnel in accordance with the social insurance law No. 79 for the year 1975 and its amendments. The subsidiary's liability is confined to the amount of its contribution. Contributions are charged to the statement of profit and loss using the accrual basis of accounting.

(iii) Employee Share Ownership Plan

Taaleem Management Services Company promises to sell shares to the company's selected employees in accordance with the criteria, principles and rules that are set by the supervisory committee to implement the plan. The main aim of the scheme is to link the interests of the beneficiaries of the scheme with the interests of the Company shareholders and to ensure that highly qualified participants receive the appropriate incentive to support the growth and stability of the Company.

The company's supervisory committee supervises the implementation of the system under the supervision of the company's board of directors.

Elements of the scheme:

- Each beneficiary is granted units that are considered the basis on which allocated shares are calculated.
- The supervisory committee determines the date of the grant.
- The scheme period is seven years starting from the date of listing of the company's shares on the Egyptian Stock Exchange on April 7, 2021.
- The total shares allocated to each beneficiary shall be allocated over five years with each year grant calculated based on the following formula :
 - A- The difference between the share price at the beginning of the year (the first trading of the company's shares on the Egyptian Stock Exchange, which was 5.75 Egyptian Pounds for the first allocation) and the share price upon the exercise of the right by the end of the year. Then, the difference is multiplied by the number of units allocated to each participant to calculate the grant. The monetary allocation shall be then divided into three equal values, and exercised over three consecutive years through the ownership of shares at the share market price at the time of each exercise.
- Starting from April 2021, the number of units allocated to this scheme were 83,978,750 units to be allocated over five years for 16,795,750 units per year.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

Notes to the interim consolidated financial statements For the three month period ended 30 November 2023

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

2 Accounting policies (continued)

2.14 Employees' benefits (continued)

(iii) Employee Share Ownership Plan (continued)

- The company recognizes the cost related to the services performed by the employees participating in the scheme over the period of performing the service. The company recognizes the obligations related to the scheme at the date of each financial position according to the fair value of the consideration expected to be paid to employees on the date of grant. The fair value of these obligations is estimated at the date of the financial position by taking into consideration all the circumstances related to the cash flows expected to be paid, discounted at the market rate of return.

The change in the fair value of these obligations is recognized in the consolidated statement of profit or loss.

During the period, the total employee stock ownership plan expenses incurred through the statement of profit and loss amounted to EGP 2,326,712 (30 November 2022: EGP 2,104,141).

2.15 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled, or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.16 Borrowing costs

Specific borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

When funds are borrowed for the purpose of acquiring a qualifying asset to bear the cost of borrowing, the Group determines the amount of borrowing costs that are capitalised on this asset, which is the actual borrowing costs incurred by the entity during the period because of the borrowing transaction less any revenue realised from the temporary investment of borrowed funds.

The Group recognises other borrowing costs as expenses in the period the Group incurs such costs.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

Notes to the interim consolidated financial statements For the three month period ended 30 November 2023

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

2 Accounting policies (continued)

2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and amended to show the best present estimate. Where the effect of the time value of money is material, the amount of a provision shall be the present value of the pre-tax rate expenditures expected to be required to settle the obligation.

2.18 Trade payables

Trade payables are recognised initially at the amount of goods or services received from others, whether they invoice received or not. When they are material, goods and services received, as well as the trade payables are recognised at the present value of the cash outflow expected by using interest rate of similar term loans. Trade payables are then carried at amortised cost using the effective interest rate.

2.19 Revenue recognition

According to the Egyptian Accounting Standard No. 48 – "Revenue from contracts with customers", revenue recognition consists of five steps (Identify the contract - Identify performance obligations - Determine the transaction price - Allocate the transaction price - Recognize revenue).

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold or service rendered due to the Group's normal course of business, stated net of value-added taxes, discounts, or deductions. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group; and when specific criteria have been met for each of the Group's activities, as described below. The amount of revenue is not considered accurately measurable unless all cases of uncertainty regarding the possibility of the collection of the amount due are excluded.

(1) **Tuition revenue**

The Group provides educational services to students through its owned university. Educational revenue is recognised throughout the period of rendering the educational services.

(2) **Bus and accommodation revenue**

The Group provides transportation and accommodation services to students through its owned busses and dorms. The revenue is recognised throughout the period of rendering the services.

(3) **Interest income**

Interest income is recognised on a time-proportion basis using the effective interest method.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

Notes to the interim consolidated financial statements For the three month period ended 30 November 2023

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

2. Accounting policies (continued)

2.20 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or pay the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, the most advantageous market for the asset or the liability.

The Group should be able to have access to the principal market or the most advantageous market.

The fair value of the asset or liability is measured using the assumptions that market participants may use when pricing the asset or liability, assuming that market participants behave in their own economic interests.

The measurement of the fair value of a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset at its maximum and bestselling condition or to sell to another market participant who will use the asset in its best use.

The Group uses valuation techniques that are appropriate in the circumstances and where sufficient data are available to measure the fair value, increase the use of relevant observable inputs and minimize the use of inputs that are not observable.

2.21 Segments reporting

Business segments are reported in accordance with internally submitted reports to senior management which makes decisions on the resource's allocation and performance assessment of the Group's segments and are represented to the central management committee. The Group has one business segment which provides educational services to the university's students and all its operations are in Egypt.

2.22 Dividends

Dividends are recognised as liabilities in the consolidated financial statements upon the approval of the Group's General Assembly of Shareholders. The company is obligated to deduct 10% of the dividend tax from the shareholders' share and pay it within one month from the date of the approval of the ordinary general assembly for dividends.

2.23 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The carrying amount of the asset is reduced through the use of an impairment account, and the amount of the expected loss is recognised in the statement of profit or loss using the ECL, and it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the income statement.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

Notes to the interim consolidated financial statements For the three month period ended 30 November 2023

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

2. Accounting policies (continued)

2.24 Leases

The Group rents buildings as a lessee; which are used in the Group's operations. The contact terms vary from one year to five years, and they don't include any non-lease components.

Until 31 August 2021, lease contracts were all recognized as operating leases. From 1 September 2021, these contracts are recognized in accordance with EAS No. (49) "Lease contracts". As such, the Group has recognized right of use assets and lease obligations related to these contracts.

Initial measurement (Right of use assets):

Management starts by calculating the initial measurement amount of the lease obligation, at the present value of the unpaid lease payments on that date. Lease payments are discounted using the implicit interest rate in the lease if that rate can be determined easily. If it is not possible to determine that rate, the tenant must use the interest rate on the additional borrowing of the tenant. The right of use asset is initially measured at the following:

- (A) Initial measurement amount for lease liabilities,
- (B) any lease payments made on or before the start date of the lease, minus any lease incentives received,
- (C) any initial direct costs incurred by the lessee,

An estimate of the costs that the tenant will incur in dismantling and removing the underlying asset, and returning the location in which the asset is located to the original state or returning the asset to its required condition in accordance with the terms and conditions of the lease, unless those costs will be incurred to produce the stock. The lessee incurs obligations for those costs, whether on the date of the start of the lease or as a result of using the underlying asset during a specific period.

Subsequent measurement (Right of use assets):

After the date of commencement of the lease, the "Right of use" principle is measured at cost.

- (A) minus any accumulated depreciation and any accumulated impairment losses,
- (B) Show Modified by any re- measurement of the lease obligation.

Initial measurement (Lease liabilities):

On the date of the start of the lease, the commitment of the lease is measured at the present value of the unpaid rent payments on that date. Lease payments are discounted using the implicit interest rate in the lease if that rate can be determined easily. If that rate cannot be easily determined, the Company must use the incremental borrowing rate.

Subsequent measurement (Lease liabilities):

After the start date of the lease, the following may be done as part of remeasurement:

- (A) Increase the carrying amount of the obligation to reflect interest on the commitment of the lease.
- (B) Decrease the carrying amount of the obligation to reflect the rental payments, to re-measure the carrying amount of the obligation to reflect any revaluation or adjustments to the lease or to reflect the fixed lease payments in their modified substance.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

Notes to the interim consolidated financial statements For the three month period ended 30 November 2023

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

3. Financial risk management

3.1 Financial risks factors

The Group activities expose it to a variety of financial risks. These risks include market risks (including foreign currency exchange rate risk, cash flow interest rate risk and fair value interest rate), credit risk, and liquidity risk. The Group is not exposed to price risk as it doesn't have investments measured at fair value.

The Group's management aims to minimise the potential adverse effects on the Group's financial performance. The Group does not use any derivative financial instruments to hedge specific risks.

(a) Market risk

(i) Foreign currency exchange rate risks

Foreign currency exchange rates risks are the risks of fluctuations in the fair value of future cash flows of a financial instrument due to changes in foreign currency exchange rates. The following analysis shows the calculation of the effect of reasonable and possible shift in foreign currencies against the functional currency of the Group while keeping all other variables constant, on the interim consolidated statement of profit or loss:

The following table shows the currencies position denominated in Egyptian Pounds at the date of the consolidated statement of financial position:

	30 November 2023		31 August 2023.
	Assets	Net	Net
USD	4,592,827	4,592,827	345,499
GBP	28,403	28,403	27,229

* At the end of the period / year, the group does not have any liabilities in foreign currency.

Note 27 is illustrating the foreign currency gains or losses that have been recognised in the interim consolidated statement of profit or loss during the period.

At the end of the period / year, if the foreign currency had increased or decreased by 10%, the effect on the interim consolidated profit or loss would have been as follows:

	30 November 2023	31 August 2023
USD +/-10%	459,283	34,550
GBP +/-10%	2,840	2,723

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

Notes to the interim consolidated financial statements For the three month period ended 30 November 2023

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

3. Financial risk management (continued)

3.1 Financial risks factors (continued)

(ii) Cash flows and fair value interest rate risks

Interest rate risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in the market's interest rates.

The Group is exposed to interest rate risk on all interest bearing assets and liabilities (bank deposits, treasury bills, overdrafts, and term loans). The Group maintains an appropriate mix of fixed rate and variable rate borrowings to manage the interest rate risk.

The sensitivity on the consolidated statement of profit or loss is the effect of the assumed changes in the interest rates on the Group's results for one year based on financial assets and liabilities with variable interest rates at 30 November 2023:

	<u>Increase/ decrease</u>	<u>Effect on consolidated profit or loss EGP</u>
30 November 2023	1%	6,192,631
31 August 2023	1%	3,378,604

(b) Credit risk

Credit risk arises from cash and cash equivalents and treasury bills.

Cash at banks is placed with local banks that are subject to the supervision of the Central Bank of Egypt. Accordingly, the Parent Company's management believes that credit risk resulting from the cash at banks is not material.

Balances exposed to credit risks are as follows:

	<u>30 November 2023</u>	<u>31 August 2023</u>
Cash and bank balances	<u>439,843,294</u>	<u>429,180,355</u>
	<u>439,843,294</u>	<u>429,180,355</u>

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due, due to shortage of funding. The Group's exposure to liquidity risk results primarily from the lack of offset between the maturities of assets and liabilities.

The management makes cash flow projections on periodic basis, and takes the necessary actions to negotiate with suppliers, and manage the inventory balances in order to ensure sufficient cash is maintained to discharge the Group's liabilities.

The Group's management monitors liquidity requirements to ensure it has sufficient cash and cash equivalents to meet operational needs to be able to maintain financial terms, guarantees and covenants at all times. Balances due to suppliers are normally settled within 45 days from the date of purchase.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

Notes to the interim consolidated financial statements For the three month period ended 30 November 2023

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

3. Financial risk management (continued)

3.1 Financial risks factors (continued)

The table below summarises the maturities of the Group's undiscounted financial liabilities (excluding income tax liabilities), based on contractual payment dates and current market interest rates.

	Less than 6 months	From 6 months to 1 year	From 1 year to 5 years	Over 5 years	Total
30 November 2023					
Bank borrowings	-	112,500,000	716,145,539	-	828,645,539
Trade and other payables	208,272,740	55,949,745	174,900,712	-	439,123,197
Lease liabilities	8,296,824	8,831,889	33,537,166	-	50,665,879
Total	216,569,564	177,281,634	924,583,417	-	1,318,434,615
31 August 2023					
Bank borrowings	-	54,230,781	535,004,455	-	589,235,236
Trade and other payables	170,570,103	94,908,292	218,613,241	-	484,091,636
Lease liabilities	8,330,410	8,453,708	37,953,111	-	54,737,229
Total	178,900,513	157,592,781	791,570,807	-	1,128,064,101

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders using the interim consolidated financial statements. The Group also aims to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce the Group debts. The Group's management monitors the capital structure using the ratio of net debt to total capital. Net debt is the total of the due to related parties, trade and other payables less cash on hand and at banks. The total capital is the Group's total equity as described in the interim statement of financial position plus net debt (while not accounting for the net debt if the value is below zero).

Net debt to total capital is as follows:

	30 November 2023	31 August 2023
Total liabilities		
Trade and other payable – Current	264,222,485	265,477,982
Trade and other payable – Non-current	174,900,712	218,613,654
Bank borrowings	828,645,539	589,235,236
Less: Cash and bank balances	(439,843,294)	(429,180,355)
Net liabilities	827,925,442	644,146,517
Equity	1,375,670,150	1,203,149,099
Total capital	2,203,595,592	1,847,295,616
Gearing ratio	38%	35%

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

Notes to the interim consolidated financial statements For the three month period ended 30 November 2023

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

3. Financial risk management (continued)

3.3 Fair value estimation

At the period / year end, no financial assets or liabilities were measured at fair value. The carrying value of financial assets and financial liabilities classified as current assets or current liabilities in the statement of financial position at period-end approximates its fair value due to their shorter maturities.

The fair value of the non-current portion of trade and other payable is not expected to have a material difference from the reported carrying amount.

4. Critical accounting estimates and judgment

Critical accounting estimates and assumptions

Estimates and assumptions are evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below. In general, applying the Group's accounting policies does not require management to use professional judgments that may have significant impacts on the amounts recognised in the interim consolidated financial statements.

Impairment of goodwill and license

The Group tests goodwill and license for impairment at least annually. The recoverable amount of the cash-generating unit has been determined based on value-in-use calculations. These calculations require the use of estimates as further detailed in Note 6.

Estimation of useful lives for fixed assets

The estimation of the useful lives of items of property, plant and equipment is a matter of judgment based on the experience with similar assets. The future economic benefits embodied in the assets are consumed principally through use. However, other factors, such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets. Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and the estimated period during which the assets are expected to earn benefits for the Group. The following primary factors are considered: (a) the expected usage of the assets; (b) the expected physical wear and tear, which depends on operational factors and maintenance programme; and (c) the technical or commercial obsolescence arising from changes in market conditions.

Amortization of prepayments

During 2019, the Group has entered into a contract with the Egyptian Electricity Transmission Company for the purpose of obtaining access to the needed infrastructure equipment to facilitate connecting the university's premises with the national grid.

In August 2019, the Group has paid an amount of EGP 18,261,279 for the cost of obtaining access to the infrastructure equipment, as this will be used to support the electricity connection in the future without any ownership rights attributable to the Group, the payment was recognised as an advance payment for future utilities services to be amortised over 32 years which corresponds to the remaining useful life of the Buildings.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

Notes to the interim consolidated financial statements For the three month period ended 30 November 2023

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

4. Critical accounting estimates and judgment (continued)

Impairment of financial assets:

Expected credit losses for financial assets are based on assumptions about the risk of default and expected loss rates. The Group uses a range of significant judgments in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's history and current market conditions as well as future estimates at the end of each year. Expected loss rates are based on historical credit losses and historical loss rates are adjusted to reflect current and future information about macroeconomic factors that affect customers' ability to settle receivables. The Company has determined GDP and therefore adjusts historical loss rates based on expected changes in these factors.

Sensitivity:

Reasonable changes in the inputs/assumptions would not materially change the impairment of the expected credit loss recognized in the consolidated financial statements.

Depreciation of right-of-use assets

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

TAALEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

**Notes to the interim consolidated financial statements
For the three months period ended 30 November 2023**

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

5. Fixed assets	Land	Buildings	Infrastructure	Furniture & fixtures	Laboratories& equipment	Machinery	Vehicles	Books	Programs & computer constructions	Projects under constructions	Total
Period ended 30 November 2023											
Opening net book amount	200,541,727	371,886,650	59,492,366	20,190,909	40,693,424	2,931,633	2,801,521	437,857	1,770,183	1,164,955,383	1,865,701,653
Additions	-	-	-	1,916,610	2,087,442	577,003	1,600,000	-	-	367,295,164	373,476,219
Transfer from PUC	-	-	-	1,476,997	675,000	-	-	-	1,298,300	(3,450,297)	-
Disposals	-	-	-	-	-	-	(2,080,000)	-	-	-	(2,080,000)
Adjustments/ transfers	-	-	-	-	-	-	(1,600,000)	-	-	(3,144,069)	(4,744,069)
Accumulated depreciation for disposals	-	-	-	-	-	-	2,080,000	-	-	-	2,080,000
Depreciation Charge	-	(3,048,139)	(2,492,137)	(1,633,089)	(3,774,929)	(459,806)	(521,634)	(9,686)	(417,764)	-	(12,357,184)
Net book amount	200,541,727	368,838,511	57,000,229	21,951,427	39,680,937	3,048,830	2,279,887	428,171	2,650,719	1,525,656,181	2,222,076,619
30 November 2023											
Cost	200,541,727	465,605,707	127,163,049	119,809,264	127,980,865	20,347,216	39,159,161	776,975	8,688,101	1,525,656,181	2,635,728,246
Accumulated depreciation	-	(96,767,196)	(70,162,820)	(97,857,837)	(88,299,928)	(17,298,386)	(36,879,274)	(348,804)	(6,037,382)	-	(413,651,627)
Net book amount	200,541,727	368,838,511	57,000,229	21,951,427	39,680,937	3,048,830	2,279,887	428,171	2,650,719	1,525,656,181	2,222,076,619

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

Notes to the interim consolidated financial statements
For the three months period ended 30 November 2023

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

5. Fixed assets (continued)	Machinery & equipment										Projects under constructions	Total
	Land	Buildings	Infrastructure	Furniture & fixtures	Laboratories	Equipment	Vehicles	Books	Programs & computer	constructions		
Year ended 31 August 2023												
Opening net book amount	200,541,727	352,917,127	69,486,404	23,499,447	54,638,489	3,790,062	5,272,627	476,706	955,968	309,983,177	1,021,561,734	
Additions	-	-	-	2,807,114	1,401,326	837,526	-	-	1,898,400	886,052,824	892,997,190	
Transfer from PUC	-	30,442,718	-	637,900	-	-	-	-	-	(31,080,618)	-	
Disposals	-	-	-	-	-	-	(110,000)	-	(82,850)	-	(192,850)	
Accumulated depreciation for disposals	-	-	-	-	-	-	109,999	-	31,869	-	141,868	
Depreciation Charge	-	(11,473,195)	(9,994,038)	(6,753,552)	(15,346,391)	(1,695,955)	(2,471,105)	(38,849)	(1,033,204)	-	(48,806,289)	
Net book amount	200,541,727	371,886,650	59,492,366	20,190,909	40,693,424	2,931,633	2,801,521	437,857	1,770,183	1,164,955,383	1,865,701,653	
At 31 August 2023												
Cost	200,541,727	465,605,707	127,163,049	116,415,657	125,218,423	19,770,213	41,239,161	776,975	7,389,801	1,164,955,383	2,269,076,096	
Accumulated depreciation	-	(93,719,057)	(67,670,683)	(96,224,748)	(84,524,999)	(16,838,580)	(38,437,640)	(339,118)	(5,619,618)	-	(403,374,443)	
Net book amount	200,541,727	371,886,650	59,492,366	20,190,909	40,693,424	2,931,633	2,801,521	437,857	1,770,183	1,164,955,383	1,865,701,653	

Depreciation of the period includes amount of EGP 45,675,877 for Operating Expenses and EGP 3,130,412 for General and Administrative Expenses.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

Notes to the interim consolidated financial statements For the three months period ended 30 November 2023

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

5. Fixed assets (continued)

During the period, an amount of EGP 605,835 (year ended 31 August 2023: EGP 6,791,999) was added to projects under construction, represented in capitalized interests on a project in Beni Suef, which was purchased on instalments.

During the period, an amount of EGP 16,677,319 (year ended 31 August 2023: EGP 48,694,446) was added to projects under construction, represented in borrowing costs on multiple projects in Beni Suef. During the period, an amount of EGP 11,514,549 (year ended 31 August 2023: EGP 10,299,674) was added to projects under construction, represented in capitalized borrowing costs on Badya University project.

Depreciation for the period includes an amount of EGP 11,728,381 for operating expenses and EGP 628,801 for general and administrative expenses.

The Group has capital commitments related to the first phase of construction of Badya University which includes four faculties with a total amount of EGP 355,251,966 (year ended 31 August 2023: EGP 343,012,686).

*Projects under construction additions include an amount of EGP 16,096,832 for Badya University land, an amount of EGP 270,707,771 for Badya University phase one construction works, and an amount of EGP 80,490,561 for Nahda University's new projects.

6. Intangible assets

31 August 2023	Movement			Total
	Goodwill	License	Software	August 2023
Cost				
Arising from business combination	222,464,614	298,409,000	1,037,959	521,911,573
Amortisation charge	-	-	(207,685)	(207,685)
Net book amount	222,464,614	298,409,000	830,274	521,703,888
30 November 2023	Movement			Balances
	Goodwill	License	Software	November 2023
Cost	222,464,614	298,409,000	830,274	521,703,888
Arising from business combination	-	-	-	-
Amortisation charge	-	-	(51,805)	(51,805)
Net book amount	222,464,614	298,409,000	778,469	521,652,083

Goodwill

Nahda University LP and Nahda University are considered as one cash-generating unit as group has only one university that is located in Egypt, for which the goodwill resulting from acquisition was allocated.

The recoverable amount of cash-generating unit is estimated by calculating the value in use, using pre-tax cash flows based on financial budgets approved by management, which cover a period of six years maximum. The terminal value is calculated using a 5% terminal growth rate (31 August 2023: 5%) which does not exceed the long-term average historical growth rate for the education sector in which the subsidiary operates. The management determines the specific assumptions of cash flow forecasts based on past experience and expectations of the market.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

Notes to the interim consolidated financial statements For the three months period ended 30 November 2023

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

6. Intangible assets (continued)

Licenses

The fair value of the license is determined by using multi-period excess earnings method. ("MEEM") The fundamental principle underlying the MEEM is to isolate the net earnings attributable to the asset being measured. Cash flows are used as a basis for applying this method. An intangible asset's fair value is equal to the present value of the incremental after-tax cash flows (excess earnings) attributable solely to the intangible asset over its remaining useful life excluding contributory assets. The net present value of any tax benefits associated with amortising the intangible asset for tax purposes (where relevant) is added, to arrive at the intangible asset's fair value The contributory asset charges are calculated using the assets' respective fair values, and they are based on an 'earnings hierarchy' or prioritisation of total earnings ascribed to the assets in the group. The earnings hierarchy is the foundation of the MEEM, in which earnings are first attributed to a fair return on contributory assets (such as investment in working capital) and property, plant and equipment. These are considered a prerequisite to developing the ability to deliver goods and services to customers, and thus their values are not included as part of the intangible asset's value.

Software

The useful lives of the software development assets are assessed to be finite lives. Assets with finite lives are amortized over their useful lives and tested for impairment whenever there are indications that the assets may be impaired.

Amortization is recognized in the income statement on a straight-line basis over the estimated useful life of the Software development asset from the date it is available for use the estimated useful lives are 10 years.

The University has signed a contract with Aptech's Company, which is a 10-year of license for the sites and educational programs for the Group in the framework of the transition to interactive education.

When testing Goodwill for impairment, the recoverable amount of a cash generating unit is determined based on value-in-use calculations. The recoverable amount was determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a six-year period, this ascribed to the length of business cycle in the University. Cash flows beyond the six-year period are extrapolated using the estimated growth rates stated below. The growth rates do not exceed the long-term average growth rate for the business sector of the economy in which the CGU operates.

Cash inflows used for the purpose of calculating the value in use include education revenue and tuition fees.

Cash outflows used for the purpose of calculating value in use include academic and admin staff costs, commissions, educational materials, and operating expenses.

Key assumptions used for value-in-use calculations to test the recoverability of goodwill are as follows:

	<u>30 November 2023</u>	<u>31 August 2023</u>
Revenue average annual growth rate	23%	23%
Gross profit average annual growth rate	23%	23%
Terminal growth	5%	5%
Discount rate	23%	23%

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

**Notes to the interim consolidated financial statements
For the three months period ended 30 November 2023**

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

6. Intangible assets (continued)

Management determined the budgeted gross margin based on past performance and its market expectations. The weighted average growth rates used are consistent with the forecasts included in industry reports. The determined value in use is higher than the carrying value of intangible assets and hence no impairment losses were recognised in the interim consolidated financial statements.

The discount rates used are pre-tax, and reflect specific risks relating to the relevant CGUs.

Impact of possible changes in key assumptions

If the following key assumptions have changed:

To measure the sensitivity of changes in the assumptions used on the value in use of goodwill, assuming that the following changes occur to the main assumptions and analyzing their impact as follows:

- Assuming that: Budgeted average gross margin used in the value-in-use calculation for the CGU had been 5% lower than management's estimates. The value-in-use amount will be decreased by EGP 427 million (31 August 2023 EGP 427M) which represent an 11.5% (31 August 2023: 11.5%) decline in the value-in-use amount.
- Assuming that: Budgeted average revenue growth rate used in the value-in-use calculation for the CGU had been 1% lower than management's estimates. The value-in-use amount will be decreased by EGP 72 million (31 August 2023: EGP 72M) which represent an 1.9% (31 August 2023: 1.9%) decline in the value-in-use amount.
- Assuming that: Pre-tax discount rate applied to the cash flow projections of this CGU had been 1% higher than management's estimates. The value-in-use amount will be increased by EGP 245 million (31 August 2023: EGP 245M) which represent a 6.6% (31 August 2023: 6.6%) decline in the value-in-use amount.
- Assuming that: Terminal growth rate applied to the cash flow projections of this CGU had been 1% higher than management's estimates. The value-in-use amount will be increased by EGP 136 million (31 August 2023: EGP 136M) which represent a 3.7% (31 August 2023: 3.7%) incline in the value-in-use amount.

The 5% decline in growth rate or terminal growth rate or 5% increase in the discount rate would still result in significant excess of the value in use over the carrying amounts of intangible assets. Therefore, there are no indications of impairment of the carrying value of intangible assets.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

Notes to the interim consolidated financial statements For the three months period ended 30 November 2023

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

7. Investment in associates

Investments in associates as of November 30, 2023 are represented in the investment in SB Investment Company, whose capital consists only of ordinary shares, which is held directly by the Group. The country of incorporation or registration is also the main place of business, and the percentage of ownership is the same as that of the voting rights owned.

	Place of business / country of incorporation	Nature of relationship	Shareholding %		Carrying amount	
			30 November 2023	31 August 2023	30 November 2023	31 August 2023
			SB Investment S.A.E.	Egypt	Associate	32%

On 27 March 2023, the Company held the capital increase extraordinary general meeting allowing Taaleem Management Services to subscribe and become a 32% shareholder in SB Investment S.A.E. The transaction was completed after fulfilling the agreement and completing all the required procedures.

The ownership percentage of Taaleem Management Services Company in SB Investment reached 32% through a capital increase of 294 Million Egyptian Pounds. The Group's efforts are currently directed towards completing the licensing of the University and using capital increase to accelerate the pace of establishing the University.

The shareholder's agreement includes a "Call Option" which gives Taaleem the right to purchase part of the shares owned by the existing shareholders of the Company that would give Taaleem Group 51% ownership of SB Investment S.A.E. This option is exercisable upon the lapse of the first academic year of the University and for a period of twelve months thereafter "exercise period". As of the date of the financial position, the licensing of the University is still in progress.

8. Inventories

	30 November 2023	31 August 2023
Other supplies	5,242,242	4,874,186
Hospital supplies	2,501,054	3,176,721
	<u>7,743,296</u>	<u>8,050,907</u>

There are no indications of impairment in the value of the inventory as it is transferred to fixed assets or used within the normal course of business and not for the purpose of selling.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

**Notes to the interim consolidated financial statements
For the three months period ended 30 November 2023**

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

9. Trade receivables and other debit balances

	30 November 2023	31 August 2023
Prepaid expenses	24,780,178	22,133,573
Advances to suppliers	13,081,703	11,810,610
Advances to tax authority	6,410,394	4,481,341
Deposits held with others	5,668,718	5,486,986
Employee custody	1,589,856	1,374,159
Employees dividends paid in advance	-	6,649,000
Other receivables	13,499,457	11,570,490
	65,030,306	63,506,159
<u>Less: non-current portion</u>		
Prepaid expenses – non-current portion	(15,264,115)	(15,406,391)
	49,766,191	48,099,768

10. Related party transactions

The Group did not enter into any transactions with companies and parties that are included within the definition of related parties, as stated in Accounting Standard (15), "Disclosure of related parties". The management decides the terms and conditions of transactions and services provided from/ to related parties, as well as other expenses.

(i) Key management compensation

	30 November 2023	30 November 2022
Profit distribution	16,080,362	9,497,945
Salaries	5,215,075	3,326,501
Board meeting attendance	1,520,000	2,410,000
	22,815,437	15,234,446

During the period, there were no transactions with related parties.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

**Notes to the interim consolidated financial statements
For the three months period ended 30 November 2023**

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

11. Cash and bank balances

	<u>30 November 2023</u>	<u>31 August 2023</u>
Treasury bills – less than 3 months	209,382,466	251,374,804
Bank current accounts	230,448,577	177,667,473
Cash on hand	12,251	138,078
Cash and bank balances	<u>439,843,294</u>	<u>429,180,355</u>

Current accounts and time deposits with banks are deposited with local banks under the supervision of the Central Bank of Egypt. The average interest rates on current accounts are 15% per annum. (31 August 2023: 15%).

The interest rate for the treasury bills with a maturity of less than three months is 25% (31 August 2023: 22.84%).

Time deposits are placed at local banks and are matured within periods of 90 days as of the date of placement. These deposits have interest rates 15% per annum. (31 August 2023: 15%).

For the purposes of the interim consolidated statement of cash flows, cash and cash equivalents comprise:

	<u>30 November 2023</u>	<u>30 November 2022</u>
Deposits with banks	-	180,000
Bank current accounts	230,448,577	57,934,466
Cash on hand	12,251	334,489
T-Bills	209,382,466	142,401,674
Less : coverage of a guarantee letter	-	(180,000)
Cash and cash equivalents	<u>439,843,294</u>	<u>200,670,629</u>

12. Right of use asset - leases

The right of use represents lease contracts related to the managerial quarter of the company and smart village building and was measured at a carrying amount as if the standard had been applied since the inception of the lease, but discounted using the lending rate to the lessee at the date of application, and it is subsequently amortized over the life of the lease using the straight line method.

	<u>30 November 2023</u>	<u>31 August 2023</u>
Balance at the beginning of the period / year	34,192,251	37,216,893
Addition during the period / year	-	8,568,896
Depreciation during the period / year	(2,898,385)	(11,593,538)
Balance	<u>31,293,866</u>	<u>34,192,251</u>

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

Notes to the interim consolidated financial statements For the three months period ended 30 November 2023

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

12. Right of use asset (continued)

Lease payments are discounted at an incremental borrowing rate in the lease. If this rate cannot be determined, then the borrowing rate of the lessee is used, which is the rate that the lessee would have to pay to borrow the money needed to obtain an asset of similar value in a similar economic environment with similar terms and conditions. An interest rate range of 10.75% and 17.25% has been used.

13. Paid-up capital

The authorized capital of the company amounted to 2,000,000,000 Egyptian pounds according to the extraordinary general assembly held on December 17, 2020.

The Company issued capital amounted to EGP 730,250,000 distributed to 730,250,000 shares with a par value of EGP 1 for each share.

The paid-up capital of the nominal value is allocated as follows for the period ended 30 November 2023 and the year ended 31 August 2023:

<u>Name</u>	<u>Nationality</u>	<u>No. of Shares</u>	<u>Value of shares</u>	<u>Paid up capital</u>
30 November 2023				
Thebes CV	Netherlands	152,045,115	152,045,115	152,045,115
EGY EDU BV	Netherlands	96,151,414	96,151,414	96,151,414
Other shareholders	Egyptian & foreign	482,053,471	482,053,471	482,053,471
		<u>730,250,000</u>	<u>730,250,000</u>	<u>730,250,000</u>

<u>Name</u>	<u>Nationality</u>	<u>No. of Shares</u>	<u>Value of shares</u>	<u>Paid up capital</u>
31 August 2023				
Thebes CV	Netherlands	152,045,115	152,045,115	152,045,115
EGY EDU BV	Netherlands	96,151,414	96,151,414	96,151,414
Other shareholders	Egyptian & foreign	482,053,471	482,053,471	482,053,471
		<u>730,250,000</u>	<u>730,250,000</u>	<u>730,250,000</u>

The Company has been established on 8 September 2014 with EGP 250,000 issued capital, and as permitted by the law, 25% of issued capital amounting to EGP 62,500 has been paid and the remaining amount to be paid within five years. On 14 May 2019 the Company's board of directors approved the completion of the paid-in capital and payment of the EGP 187,500 remaining amount. The Company registered the fully paid issued capital of EGP 250,000 in its commercial register on 17 June 2019.

The extraordinary general meeting was held on 14 January 2020 and unanimously approved to increase the Company's authorized capital to EGP 1,000,000,000 (one billion Egyptian Pounds) and increase the Company's issued capital to EGP 730,250,000 (seven hundred thirty million two hundred fifty-thousand Egyptian Pounds).

The meeting also registered the payment of EGP 306,600,000 and the amount registered in the commercial register on 11 February 2020 which represents 42% of the EGP 730,000,000 issued capital increase.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

Notes to the interim consolidated financial statements For the three months period ended 30 November 2023

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

13. Paid-up capital (continued)

On February 2020, EGP 292,000,000 was paid, increasing the total paid-in capital of the Company to EGP 598,850,000 and the amount was registered in the commercial register on 8 March 2020.

On May 2020, EGP 131,400,000 was paid, increasing the total paid-in capital of the Company to EGP 730,250,000 and the amount was registered in the commercial register on 11 June 2020.

On December 17, 2020, the Extraordinary General Assembly agreed to split ten shares for one share of its ordinary share, accordingly. The nominal value of the shares became 1 EGP instead of 10 EGP per share before the division and the number of issued shares became 730,250,000 instead of 73,025,000 shares. In addition, the Extraordinary General Assembly approved an increase in the authorized capital from EGP 1,000,000,000 to EGP 2,000,000,000.

Sphinx Obelisk, the former direct parent company of Taaleem Management Services has sold its entire stake to its shareholders, and currently the largest shareholder in Taaleem Management Services is Thebes CV, owning 20.821% of the company's capital.

14. Reserves

	<u>30 November 2023</u>	<u>31 August 2023</u>
Legal reserve	10,256,045	6,882,189
Employee stock ownership plan reserve	6,068,434	3,741,722
	<u>16,324,479</u>	<u>10,623,911</u>

Employee stock ownership plan

The balance of the incentive and reward employee stock ownership plan for shares is calculated on the basis of the weighted average in the month preceding the grant date and the share price that is determined on the basis of the weighted average in the month preceding the date of the right to begin to exercise, which is one year after each grant date. Then the outcome is multiplied by the number of units granted to each specific segment for each beneficiary to calculate the financial value due to each segment. The aforementioned outcome is divided into three equal financial values divided into three consecutive years. The number of shares due for each year is calculated by dividing the financial value for the year by the share price for this year (the weighted average in the month preceding the end date of the year subject to the plan), resulting in the final shares for each beneficiary.

The estimated value of the incentive and reward scheme for three years is EGP 50,387,250 (estimated payment in the year is EGP 16,795,750), subject to change with the change in the share performance. The estimated value for the period recorded in the equity is EGP 2,326,712.

Legal reserves

In accordance with the Companies' law number 159 for year 1981, 5 % of the net profit of the year is transferred to the legal reserve. This transfer may be discontinued if the legal reserve reaches 50% of the issued capital. This reserve is not available for distribution to shareholders.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

Notes to the interim consolidated financial statements For the three months period ended 30 November 2023

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

15. Non-controlling interests

	<u>Capital</u>	<u>Reserves</u>	<u>Retained earnings</u>	<u>Total</u>
30 November 2023				
Balance at 1 September 2023	71,512,500	3,677,604	10,371,290	85,561,394
Total comprehensive income for the period	-	-	2,000,331	2,000,331
Balance at 30 November 2023	<u>71,512,500</u>	<u>3,677,604</u>	<u>12,371,621</u>	<u>87,561,725</u>
30 November 2022				
Balance at 1 September 2022	1,512,500	3,677,604	7,091,812	12,281,916
Total comprehensive income for the period	-	-	981,942	981,942
Balance at 30 November 2022	<u>1,512,500</u>	<u>3,677,604</u>	<u>8,073,754</u>	<u>13,263,858</u>

16. Bank borrowings

	<u>30 November 2023</u>	<u>31 August 2023</u>
Medium-term loans – current portion	112,500,000	54,230,781
Medium-term loans – non-current portion	716,145,539	535,004,455
Total*	<u>828,645,539</u>	<u>589,235,236</u>

Bank Borrowings represent the value of a loan granted to the Group by Ahly United Bank. The total loan amount available is EGP 1.95 billion. The bank medium-term loans are EGP 828,645,539 as of 30 November 2023 (31 August 2023: 589,235,236), the interest rate for the loan is 1.25% per annum plus lending corridor rate. The period of terms of these contracts are five years and nine years, starting from the date of the first withdrawal of the "funding period", with a grace period granted to the Group of one year and five years from the date of the first withdrawal.

The Group is committed to paying the total funding amount of Nahda University in 8 semi-annual instalments of equal value, and at Badya University over four years starting from March 2028, due in September and March of every financial year.

*Medium-term loans outstanding amounted to EGP 449,095,896 for Nahda University, and EGP 379,549,643 for Egyptian International for Higher Education S.A.E. Company.

Loan guarantees:

- A tri-party agreement was established between Ahly United bank, Nahda University (Borrower), and Taaleem Management Services Company S.A.E. (Guarantor), whereby Taaleem Management Services Company agreed to forfeit the management fees received from Nahda University in case of Nahda defaulting on any loan repayments due.
- An insurance policy against all risks on the assets of the Group covering at least 110% of the value of the financing amount.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

Notes to the interim consolidated financial statements For the three months period ended 30 November 2023

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

16. Bank borrowings (continued)

Loan collaterals:

- Egyptian International for Higher Education S.A.E. Company should provide the bank with an uncancellable power of attorney, which gives the bank the right to arrange a mortgage on the Company's own assets financed by the bank, for the power of attorney to include the right for the bank to register, sell to oneself or others, these assets.
- The Company should open an exclusive operating account with the bank in which the company deposits 100% of the tuition fees in this account.
- In case the shareholders took the decision to issue any future administrative expenses, the company pledges to provide the bank with a waiver from the shareholders on the priority of paying any future administrative expenses in any financial year until the company has paid all the bank due amounts from the loan principle and the due interest and admin expenses for the same year.
- The company pledges to provide the bank with a signed waiver from the company's shareholders which includes their obligation to cover any increase in cost or deficit in the debt service ratio from the shareholders own resources or through capital increase.
- The company shall not distribute any dividends in any financial year until it settles all the due loan principle or any related interest or administration fees for the same year.
- All the above mentioned conditions shall apply when Badya University starts operations.

Debt covenants:

The debt service ratio is not less than 3:2 for the entire period and the financial leverage shall not exceed 1.5 during the financing period.

17. Deferred tax liabilities

Deferred income tax is represented in the tax liabilities arising from temporary differences between the tax basis of assets and their carrying amounts in the interim consolidated financial statements.

Change in tax assets and liabilities during the period/ year is as follows:

	Balance at 1 September 2023	Expense/ (Income) charged to the consolidated statement of income during the period	Balance at 30 November 2023
<u>Liabilities</u>			
Fixed assets	16,550,178	75,547	16,625,725
Fixed assets - arising from business combination	15,326,012	(177,388)	15,148,624
Intangible assets - arising from business combination	67,129,228	-	67,129,228
<u>Assets</u>			
Lease liability	(2,184,397)	-	(2,184,397)
Total liabilities	96,821,021	(101,841)	96,719,180

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

**Notes to the interim consolidated financial statements
For the three months period ended 30 November 2023**

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

17. Deferred tax liabilities (continued)

	Balance at 1 September 2022	Expense/ (Income) charged to the consolidated statement of profit or loss during the year	Balance at 31 August 2023
<u>Liabilities</u>			
Fixed assets	17,066,443	(516,265)	16,550,178
Fixed assets - arising from business combination	16,035,564	(709,552)	15,326,012
Intangible assets - arising from business combination	67,129,228	-	67,129,228
<u>Assets</u>			
Lease liability	-	(2,184,397)	(2,184,397)
Total liabilities	100,231,235	(3,410,214)	96,821,021

18. Provisions

	Lawsuits provisions	Other provisions	Total
Balances as of 1 September 2022	1,262,182	3,593,675	4,855,857
Provisions used during the year	-	(125,141)	(125,141)
Balances as of 31 August 2023	1,262,182	3,468,534	4,730,716
Provisions used during the period	-	-	-
Balances as of 30 November 2023	1,262,182	3,468,534	4,730,716

19.A) Trade and other payables

	30 November 2023	31 August 2023
Amounts payable in relation to acquiring two plots of land	326,562,539	349,423,733
Accrued expenses	55,509,287	68,176,473
Retentions	16,003,733	13,004,832
Tax Authority	10,136,185	6,802,105
Trade payable	10,034,518	27,420,953
Interest payable	8,568,836	10,044,003
Social insurance authority	407,572	361,623
Other payables	11,900,527	8,857,914
	<u>439,123,197</u>	<u>484,091,636</u>
<u>Less: non-current portion</u>		
Interest payable	(8,568,836)	(10,044,003)
Amounts payable in relation to acquiring a plot of land – non-current portion*	(166,331,876)	(208,569,651)
	<u>264,222,485</u>	<u>265,477,982</u>

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

Notes to the interim consolidated financial statements For the three months period ended 30 November 2023

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

19.A) Trade and other payables (continued)

- * In April 2020, the company acquired a 26.5 acres plot of land in the new Beni Suef city as part of Nahda University expansion plan. The purchase price amounted to 90 million Egyptian pounds in addition to a 1.5% one-time administrative expenses added to the price. The payment terms was a 25% in advance with the remaining balance payable in 5 annual instalments, bearing interest at the corridor rate announced by the Central Bank of Egypt plus 2%. The company paid the first instalment amounting to EGP 13.5 million on November 4, 2020, and the second instalment amounting to EGP 13.5 in November 2021 and the third instalment amounting to EGP 13.5 million in November 2022, and the fourth instalment amounting to EGP 13.5 million in November 2023. Borrowing costs capitalized in the projects under construction (Note 5) amounted to EGP 25.1 million. The Group will pay the remaining amount of the land purchase price with a total of EGP 13.5 million over one remaining annual instalment in addition to accrued interest amounted to EGP 0.7 million.

On December 30, 2020, the company paid a down payment of 63.7 million Egyptian pounds to purchase the land of Nahda University current campus. The group signed the purchase contract with Beni Suef Governorate on January 17, 2021 for a total purchase price of EGP 109 million; 105 million pounds land price plus 4 million pounds of administrative fees. The company paid 63.7 million Egyptian pounds (down payment and administrative fees), and shall pay the remaining EGP 45.2 million over two equal annual instalments, EGP 22.6 million each. And the company paid the first instalment amounting to EGP 22.6 million in November 2021, and the last instalment amounting to EGP 22.6 million in November 2022.

On 3 August 2021, the group entered into a tri-party agreement with Palm for Urban Development and Palm Hills Developments for the purchase of a plot of land with a total area of SQM 149,189 in the 6th of October City for the purposes of establishing Badya University. The purchase price amounted to 417.7 million Egyptian pounds. The group has paid an amount of EGP 60 million in advance with the remaining balance payable through 10 equal instalments starting 6 months after the approval of the Cabinet of National and Private Universities. On 30 March 2023, Taaleem and Palm Hills Developments announced that the Cabinet has approved Badya University's file and accordingly the agreed upon payment schedule became effective and the first instalment for this plot of land was paid on 30 September 2023.

On 10 August 2021, the Group has also entered into another tri-party agreement with Palm for Urban Development and Palm Hills Developments for the purchase of a plot of land with a total area of SQM 14,015 in the 6th of October City for the purposes of establishing a teaching hospital. The purchase price amounted to 39.2 million Egyptian pounds payable through 2 equal instalments, the first and the second installment is to be paid 6 months and 12 months respectively after the approval of the Cabinet of National and Private Universities. On 30 March 2023, Taaleem and Palm Hills Developments announced that the Cabinet has approved Badya University's file and accordingly the agreed upon payment schedule became effective and the first instalment for this plot of land was paid on 30 September 2023.

The land and its related liability are both recorded at the present value of the future payments to be made discounted at the Company's incremental borrowing rate for the discounted amount to be EGP 346,889,848 and the interest amount to be of EGP 110,081,352. The total land liability as of 30 November 2023 is EGP 312,918,935.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

**Notes to the interim consolidated financial statements
For the three months period ended 30 November 2023**

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

19.B) Deferred revenues

Deferred revenue represents, the revenues collected from the university students for the academic year 2023-2024 amounting to EGP 135,456,116 for which education services have not yet been provided as of 30 November 2023. These amounts will be amortized throughout the educational process from the date of commencement of the academic year 2023-2024.

The following table shows the movement of deferred revenues at the date of the interim consolidated statement of financial position:

	<u>30 November 2023</u>	<u>31 August 2023</u>
Balance at the beginning of the period / year	222,859,166	88,754,087
Collected during the period/year	292,030,016	887,792,015
Revenue recognised during the period/year	(379,433,066)	(753,686,936)
Balance at the end of the period / year	<u>135,456,116</u>	<u>222,859,166</u>

20. Lease liabilities

Liability represents current value for lease liability related to managerial quarter of the Group, building, and car parking, and it has been evaluated with current value of contractual lease payments discounted at an incremental borrowing rate range between 10.75% and 17.25%.

	<u>30 November 2023</u>	<u>31 August 2023</u>
Current Value		
Less than one year	13,145,790	12,455,217
More than one year	27,889,003	31,445,468
	<u>41,034,793</u>	<u>43,900,685</u>

The lease commitments were presented as follows:

	<u>30 November 2023</u>	<u>31 August 2023</u>
Balance at the beginning of the period / year	43,900,685	45,000,953
Addition during the period / year	-	8,568,896
Current Value	43,900,685	53,569,849
Add: interest charged during the period / year	1,205,458	5,536,324
Less: payments made during the period / year	(4,071,350)	(15,205,488)
Lease liabilities at end of the period / year	<u>41,034,793</u>	<u>43,900,685</u>

The lease commitments undiscounted are as follows:

	<u>30 November 2023</u>	<u>31 August 2023</u>
Less than 6 months	8,296,824	8,330,410
From six months to one year	8,831,889	8,453,708
From 1 year to 5 years	33,537,166	37,953,111
	<u>50,665,879</u>	<u>54,737,229</u>

21. Current income tax liability

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

**Notes to the interim consolidated financial statements
For the three months period ended 30 November 2023**

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

	<u>30 November 2023</u>	<u>31 August 2023</u>
Balance at the beginning of the period/year	90,311,411	70,057,848
Current income tax for the period/year	64,687,349	90,443,758
Paid during the period/year	-	(70,190,195)
	<u>154,998,760</u>	<u>90,311,411</u>

22. Put option liability

	<u>30 November 2023</u>	<u>31 August 2023</u>
Beginning balance	481,548,501	-
Change in fair value during the period	24,024,770	-
	<u>505,573,271</u>	<u>481,548,501</u>

The group has written put options over the Non-controlling interests of its subsidiary Egyptian International Higher Education S.A.E. which permit the holder to sell their shares back to the group at their fair value on a specified date. The amount that may become payable under the option on exercise is initially recognised at the present value of the redemption amount within liabilities with a corresponding charge directly to equity. The charge to equity is recognised as written put options over non-controlling interests, adjacent to the parent equity in the Group's net assets.

The present value of the redemption amount and the change in the fair value of the shares are subsequently accreted through put options reserve and put option liability up to the redemption amount that is payable at the date at which the option first becomes exercisable.

In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

23. Revenue

	<u>30 November 2023</u>	<u>30 November 2022</u>
Tuition fees	378,913,681	220,188,741
Student housing subscription	2,831,100	1,966,387
Bus subscription	161,771	89,780
Other educational fees	9,988,488	7,563,550
	<u>391,895,040</u>	<u>229,808,458</u>

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

**Notes to the interim consolidated financial statements
For the three months period ended 30 November 2023**

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

24. Operating costs

	<u>30 November 2023</u>	<u>30 November 2022</u>
Salaries and wages	25,883,315	19,877,436
Educational expenses	15,639,535	11,311,742
Depreciation	11,728,381	11,275,957
Governmental fees	6,681,525	4,186,484
Utilities expenses	3,090,386	2,891,186
Right of use assets depreciation	2,898,385	2,469,939
Amortization expense	194,080	194,080
Other expenses	3,536,757	3,482,690
	<u>69,652,364</u>	<u>55,689,514</u>

25. General and administrative expenses

	<u>30 November 2023</u>	<u>30 November 2022</u>
Salaries and wages	17,308,335	12,834,039
Value added tax on management fees	6,429,518	3,734,137
Professional fees	4,611,045	2,743,158
Advertising expenses	4,222,084	2,791,678
Security and Cleaning	3,000,403	2,604,640
Employee stock ownership plan expense	2,326,712	2,104,141
Social insurance	2,118,668	1,907,286
Maintenance fees	2,116,075	1,604,286
Board meeting attendance	1,520,000	2,410,000
Telephone and fax expense	1,371,619	776,687
Rent expense*	881,339	643,538
Depreciation expense	628,801	648,341
Other expenses	6,488,262	5,177,295
	<u>53,022,861</u>	<u>39,979,226</u>

*These rent amounts are represented by lease contracts which are less than one year or of a low value.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

**Notes to the interim consolidated financial statements
For the three months period ended 30 November 2023**

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

26. Expenses by nature

	30 November 2023	30 November 2022
Salaries and wages	43,191,651	32,711,475
Depreciation	12,357,184	11,924,298
Educational expenses	12,318,775	9,091,783
Governmental fees	6,681,525	4,186,484
Value added tax on management fees	6,429,518	3,734,137
Professional fees	4,611,045	2,743,158
Advertising expenses	4,222,084	2,791,678
Utilities expenses	3,090,386	2,891,186
Right of use assets depreciation	2,898,385	2,469,939
Transportation and travel expenses	2,713,997	2,734,086
Employee stock ownership plan expense	2,326,712	2,104,141
Social insurance	2,118,668	1,907,286
Maintenance fees	2,116,075	1,604,286
Laboratory expense	2,090,760	1,394,959
Cleaning expenses	1,660,370	1,342,992
Board meeting attendance	1,520,000	2,410,000
Telephone and fax expense	1,371,619	776,687
Security	1,340,033	1,261,648
Educational governmental fund subscription	1,230,000	825,000
Comprehensive Medical Social Insurance	1,182,957	676,535
Rent expense	981,355	693,550
Conference and camps expense	671,767	1,406,137
Real estate tax	164,328	164,328
Amortization of prepaid expenses	142,275	142,275
Amortization of intangible assets	51,805	51,804
Community service expenses	28,000	94,275
Other expenses	5,163,951	3,534,613
	122,675,225	95,668,740

27. Finance income - net

	30 November 2023	30 November 2022
Interest income	15,950,500	5,892,672
Interest expenses	(1,205,458)	(2,480,688)
Foreign currency (loss) / gain	(34,774)	702,205
	14,710,268	4,114,189

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

**Notes to the interim consolidated financial statements
For the three months period ended 30 November 2023**

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

28. Income tax expenses

	<u>30 November 2023</u>	<u>30 November 2022</u>
Deferred income tax (Note 17)	(101,841)	(2,038,844)
Current tax expenses for the period	64,687,349	33,133,571
	<u>64,585,508</u>	<u>31,094,727</u>

Effective tax rate

The tax on profit before tax theoretically differs from the amount expected to be paid by applying the average tax rate applicable to the Group's profit as follows:

	<u>30 November 2023</u>	<u>30 November 2022</u>
Net profit before tax	285,312,392	139,093,823
Income tax based on tax rate	64,195,288	31,296,110
Non-deductible income	390,220	(201,383)
	<u>64,585,508</u>	<u>31,094,727</u>
Effective tax rate	22.64%	22.36%

29. Earnings per share

(1) Basic:

Basic earnings per share is calculated by dividing:

- The profit attributable to the parent company, deducting all the distributions to employees and Board of directors (If any).
- The weighted average number of ordinary shares outstanding during the year represented the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares issued by the Group during the year, and multiplied by the weighted time factor. The weighted time factor represents the number of days in which the number of shares remains outstanding as a fraction of the total number of days in the year.

	<u>30 November 2023</u>	<u>30 November 2022</u>
Net profit for the period attributable to owners of the parent company	218,726,553	107,017,154
Expected distribution to the employees	(3,296,336)	(1,880,009)
	<u>215,430,217</u>	<u>105,137,145</u>
Weighted average of number of shares	730,250,000	730,250,000
Earnings per share	0.30	0.14

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

Notes to the interim consolidated financial statements For the three months period ended 30 November 2023

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

29. Earnings per share (continued)

(2) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding for the effects of all potential ordinary shares causing the decrease.

During the financial period ended 30 November 2023 the Group did not issue any potential ordinary shares that results in a dilution.

30. Tax position

Taaleem Management Services Company

- **Income tax**

Financial years from the date of inception till 31 August 2022:

- Tax returns are regularly submitted, and the Company has not been notified by any examination request till the date of the consolidated financial statements.

From 1 September 2023 till 30 November 2023:

- The Company has submitted the tax returns on the legal deadline according to the Egyptian law.

- **Payroll tax**

Financial years from the date of inception till 31 August 2022:

- The tax is deducted and paid on a regular basis
- The Company is under inspection for wage and salary tax for the years mentioned above.

From 1 September 2022 till 30 November 2023:

- The tax is deducted and paid on a regular basis
- The company has not been notified by any examination request

- **Stamp duty**

Financial years from the date of inspection till year 2018:

- The Company has been inspected and settled all claims.

Financial years from year 2019 till year 30 November 2023:

- The Company has not been notified by any examination request

- **Withholding tax**

Financial years from the date of inception till 30 November 2023:

- The tax is deducted and paid on a regular basis.
- The Company has not been notified by any examination request for withholding tax for the years mentioned above till the date of the consolidated financial statements.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

Notes to the interim consolidated financial statements For the three months period ended 30 November 2023

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

30. Tax position (continued)

- **Value added tax (VAT)**

Financial years from 2016 till 31 August 2022:

- The Company has been registered for VAT according to Law no 67 of 2016 and VAT returns are submitted on a regular basis
- The Company has been inspected and settled all claims.

From 1 September 2022 till 30 November 2023:

- VAT returns are submitted on a regular basis

There are no disputes with tax authorities and no uncertain tax issues until the reporting date.

Nahda University Company - LP

- **Income tax**

Period from inception till 31 August 2021

- The university has been inspected by the Egyptian Tax Authority and internal committees and all taxes have been paid.

Period from 1 September 2021 till 30 November 2023

- The tax returns were submitted on the due dates and the documents necessary to complete the inspection work are being prepared.

- **Salaries tax**

Period from inception till December 2019

- The university has been inspected by the Egyptian Tax Authority, and inspection differences have been settled.

Period from 2020 till 30 November 2023

- Salary tax is being deducted from employees and delivered regularly.

- **Value added tax (VAT)**

Financial years from 2016 till 31 August 2020:

- The University has been registered for VAT according to Law no 67 of 2016 and VAT returns are submitted on a regular basis
- The University has been inspected and settled all claims.

From 1 September 2020 till 30 November 2023:

- VAT returns are submitted on a regular basis

There are no disputes with tax authorities and no uncertain tax issues until the reporting date.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

Notes to the interim consolidated financial statements For the three months period ended 30 November 2023

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

30. Tax position (continued)

- **Withholding tax**

Financial years from the date of inception till 30 November 2023:

- The tax is deducted and paid on a regular basis.
- The University has not been notified by any examination request for withholding tax for the years mentioned above till the date of the consolidated financial statements.

- **Stamp Tax**

Period from inception till August 2020

- The university has been inspected by Egyptian Tax Authority; and inspection differences have been settled

Period from 2020 till 30 November 2023

- The University has not been notified of any inspections.

There are no disputes with tax authorities and no uncertain tax issues until the reporting date.

- **Profit distribution tax**

Period from 2014 till August 2018

- The university has been inspected by Egyptian Tax Authority; and inspection differences have been settled

Period from 1 September 2018 till 30 November 2023

- The University has paid the total tax due and is under preparation for inspection.

There are no disputes with tax authorities and no uncertain tax issues until the reporting date.

Nahda University for Education and Management Services S.A.E.

- **Income tax**

Period from inception till 31 August 2023

- Tax returns are regularly submitted, and the Company has not been notified by any examination request till the date of the consolidated financial statements.

From 1 September 2023 till 30 November 2023

- The Company has submitted the tax returns on the legal deadline according to the Egyptian law.

- **Salaries tax**

Period from inception till 30 November 2023

- No tax inspection has been done since the establishment date until the date of the consolidated financial statements. However, the company has no employees until the date of the consolidated financial statements.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

Notes to the interim consolidated financial statements For the three months period ended 30 November 2023

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

30. Tax position (continued)

- **Stamp Tax**

Period from inception till 30 November 2023

- No tax inspection has been done since the establishment date until the date of the consolidated financial statements.

There are no disputes with tax authorities and no uncertain tax issues until the reporting date.

Nahda Education Services S.A.E.

- **Income tax**

Financial years from the date of inception till 30 November 2023:

- Tax returns are regularly submitted, and the Company has not been notified by any examination request till the date of the consolidated financial statements.

- **Payroll tax**

Financial years from the date of inception till 31 August 2022:

- The Company has been inspected from the establishment date until 31 August 2022 and is in the process of settling the final amounts

From 1 September 2022 till 30 November 2023

- The Company has not been notified by any examination request for wage and salary tax for the years mentioned above till the date of the consolidated financial statements.

- **Stamp duty**

Financial years from year 2015 till 31 August 2023:

- The Company has not been notified by any examination request for stamp duty for the years mentioned above till the date of the consolidated financial statements.

- **Withholding tax**

Financial years from the date of inception till 30 November 2023:

- The Company has not been notified by any examination request for stamp duty for the years mentioned above till the date of the consolidated financial statements.

There are no disputes with tax authorities and no uncertain tax issues until the reporting date.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E AND ITS SUBSIDIARIES

Notes to the interim consolidated financial statements For the three months period ended 30 November 2023

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

30. Tax position (continued)

Egyptian International Company for Higher Education S.A.E.

- **Income tax**

Financial years from the date of inception till 31 August 2023:

- The Company has submitted the tax returns on the legal deadline according to the Egyptian law.

From 1 September 2023 till 30 November 2023:

- The Company has submitted the tax returns on the legal deadline according to the Egyptian law.

- **Payroll tax**

Financial years from the date of inception till 30 November 2023:

- The tax is deducted and paid on a regular basis

- **Stamp duty**

Financial years from the date of inception till 30 November 2023:

- The Company has not been notified by any examination request for stamp duty for the years mentioned above till the date of the consolidated financial statements.

- **Withholding tax**

Financial years from the date of inception till 30 November 2023:

- The Company has not been notified by any examination request for stamp duty for the years mentioned above till the date of the consolidated financial statements.

30. Capital commitment

Capital commitments contracted on the date of the interim consolidated financial statements have not been recognized as liabilities to the Group:

	<u>30 November 2023</u>	<u>31 August 2023</u>
Capital commitment*	428,124,420	494,800,000

- * The capital commitments on 30 November 2023 represent the contract to establish NUB University hospital, Fine arts & Architecture building, as well as Badya's phase one construction contract.