

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

**LIMITED REVIEW REPORT
AND INTERIM CONSOLIDATED FINANCIAL
STATEMENTS FOR THE THREE-MONTH PERIOD
ENDED 30 NOVEMBER 2024**

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

Interim consolidated financial statements - For the three-month period ended 30 November 2024

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*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 2024 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 2024, and their financial performance, and their cash flows for the three-month period then ended in accordance with Egyptian Accounting Standards.


Hisham Mohamed Hamed
R.A.A. 39411
F.R.A. 422

16 January 2025
Cairo

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

Interim consolidated statement of financial position – As at 30 November 2024

(All amounts in Egyptian Pounds)	Note	30 November 2024	31 August 2024
Assets			
Non-current assets			
Fixed assets	5	5,076,403,391	4,644,620,569
Intangible assets	6	606,233,398	605,773,523
Right of use assets	11	19,700,328	22,598,713
Debtors and other debit balances	8	32,738,178	14,835,726
Total non-current assets		5,735,075,295	5,287,828,531
Current assets			
Inventories	7	7,977,809	8,056,321
Debtors and other debit balances	8	203,786,590	157,180,154
Cash and cash equivalents	10	525,665,913	427,999,323
Total current assets		737,430,312	593,235,798
Total assets		6,472,505,607	5,881,064,329
Equity and liabilities			
Equity			
Paid-up capital	12	730,250,000	730,250,000
Put option reserve	22	(793,569,920)	(753,158,690)
Reserves	13	21,144,480	10,256,045
Retained earnings		1,591,631,660	1,352,524,303
Total equity attributable to shareholders of the parent company		1,549,456,220	1,339,871,658
Non-controlling interests	15	1,084,475,846	1,001,374,614
Total equity		2,633,932,066	2,341,246,272
Liabilities			
Non-current liabilities			
Deferred tax liabilities	17	87,153,970	87,120,134
Creditors and other credit balances	19/A	115,740,587	194,117,418
Lease liabilities	20	17,934,844	19,139,594
Bank borrowings	16	1,816,054,961	1,655,234,064
Put option liability	22	793,569,920	753,158,690
Total non-current liabilities		2,830,454,282	2,708,769,900
Current liabilities			
Provisions	18	6,274,587	6,274,587
Lease liabilities	20	9,954,159	12,305,873
Bank borrowings	16	112,500,000	114,760,388
Creditors and other credit balances	19/A	386,677,357	373,456,461
Deferred revenues	19/B	217,453,766	148,133,526
Current income tax liabilities	21	254,796,249	163,544,630
Employee stock ownership plan	14	20,463,141	12,572,692
Total current liabilities		1,008,119,259	831,048,157
Total liabilities		3,838,573,541	3,539,818,057
Total liabilities and equity		6,472,505,607	5,881,064,329

- The accompanying notes on pages 7 - 60 form an integral part of these interim consolidated financial statements.
- Limited review report attached.


Mr. Khaled Khater
Chief Financial Officer


Eng. Mohamed El Rashidi
Chief Executive Officer

16 January 2025

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 2024

(All amounts in Egyptian Pounds)	Note	30 November 2024	30 November 2023
Revenues	23	590,589,214	391,895,040
Cost of revenues	24	(125,049,434)	(69,652,364)
Gross profit		465,539,780	322,242,676
General and administrative expenses	25	(92,531,296)	(53,022,861)
Other operating income		2,935,540	1,382,309
Operating profit		375,944,024	270,602,124
Finance income	27/A	18,951,970	15,950,500
Finance cost	27/B	(4,670,477)	(1,240,232)
Profit before tax		390,225,517	285,312,392
Income tax expense	28	(91,251,619)	(64,687,349)
Deferred tax (expense) / income	28	(33,836)	101,841
Profit for the period		298,940,062	220,726,884
Profit attributable to:			
Owners of the parent Company		295,838,830	218,726,553
Non-controlling interests	15	3,101,232	2,000,331
Profit for the period		298,940,062	220,726,884
Earnings per share	29	0.40	0.30

- The accompanying notes on pages 7 - 60 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 2024**

(All amounts in Egyptian Pounds)	30 November 2024	30 November 2023
Profit for the period	298,940,062	220,726,884
Other comprehensive income	-	-
Total comprehensive income for the period	298,940,062	220,726,884
Total comprehensive income is attributable to:		
Owners of the parent Company	295,838,830	218,726,553
Non-controlling interests	3,101,232	2,000,331
Total comprehensive income for the period	298,940,062	220,726,884

- The accompanying notes on pages 7 - 60 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 2024

(All amounts in Egyptian Pounds)

	Total equity attributable to shareholders of the parent company						Non-controlling interest	Total equity
Note	Paid-up capital	Reserves	Put option reserve	Retained earnings				
Balance at 1 September 2023 *	730,250,000	10,623,911	(611,337,891)	858,262,295	987,798,315	710,975,136	1,698,773,451	
Profit share distribution to board members and employees	-	-	-	(26,507,775)	(26,507,775)	-	(26,507,775)	-
Transfer to legal reserve	13	-	3,373,856	(3,373,856)	-	-	-	-
Employee stock ownership plan	-	2,326,712	-	-	2,326,712	-	2,326,712	-
Put option reserve	-	-	(32,689,739)	-	(32,689,739)	-	(32,689,739)	-
Total comprehensive income for the period	-	-	-	218,726,553	218,726,553	2,000,331	220,726,884	-
Balance at 30 November 2023 *	730,250,000	16,324,479	(644,027,630)	1,047,107,217	1,149,654,066	712,975,467	1,862,629,533	
Balance at 1 September 2024	730,250,000	10,256,045	(753,158,690)	1,352,524,303	1,339,871,658	1,001,374,614	2,341,246,272	
Capital increase	-	-	-	-	-	80,000,000	80,000,000	-
Profit share distribution to board members and employees	-	-	-	(45,843,038)	(45,843,038)	-	(45,843,038)	-
Transfer to legal reserve	13	-	10,888,435	(10,888,435)	-	-	-	-
Put option reserve	22	-	(40,411,230)	-	(40,411,230)	-	(40,411,230)	-
Total comprehensive income for the period	-	-	-	295,838,830	295,838,830	3,101,232	298,940,062	-
Balance at 30 November 2024	730,250,000	21,144,480	(793,569,920)	1,591,631,660	1,549,456,220	1,084,475,846	2,633,932,066	

* Refer to note (32) for changes in comparatives.

- The accompanying notes on pages 7 - 60 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 flows For the three-month period ended 30 November 2024

(All amounts are shown in Egyptian Pounds)

	Note	30 November 2024	30 November 2023
Cash flows from operating activities			
Profit for the period before tax		390,225,517	285,312,392
Adjustments For:			
Fixed assets depreciation	5	14,212,867	12,357,184
Right of use assets depreciation	11	2,898,385	2,898,385
Intangible assets amortization	6	51,805	51,805
Debtors and other debit balances amortization		142,275	142,275
Gain from sale of fixed assets		-	(727,402)
Interest expense – lease contracts	27/B	859,478	1,205,458
Interest income	27/A	(18,951,970)	(15,950,500)
Employee stock ownership plan expense	14	7,890,449	2,326,712
Operating profit before changes in operating assets and liabilities		397,328,806	287,616,309
Changes in operating assets and liabilities			
Inventories		78,512	307,611
Debtors and other debit balances *		(64,791,043)	(93,046,638)
Creditors and other credit balances		(88,873,506)	(70,376,841)
Deferred revenues		69,320,240	(87,403,050)
Net cash flows generated from operating activities		313,063,009	37,097,391
Cash flows from investing activities			
Payments for purchase of fixed assets * **	5	(309,282,397)	(337,230,134)
Payments for purchase of intangible assets	6	(511,680)	-
Proceeds from sales of fixed assets		-	727,402
Interest received	27/A	18,951,970	15,950,500
Net cash flows used in investing activities		(290,842,107)	(320,552,232)
Cash flows from financing activities			
Capital increase		80,000,000	-
Bank borrowings *		1,943,295	224,132,139
Profit share distribution to board members and employees		(2,081,665)	(26,507,775)
Lease payments	20	(4,415,942)	(4,071,350)
Net cash flows generated from financing activities		75,445,688	193,553,014
Net change in cash and cash equivalents		97,666,590	(89,901,827)
Cash and cash equivalents at the beginning of the period		427,999,323	709,585,390
Cash and cash equivalents at the end of the period	10	525,665,913	619,683,563

* Refer to note (32) for changes in comparatives.

** The total payments for purchase of fixed assets include capitalized paid interest amounted to EGP 14,476,447 (30 November 2023: EGP 15,136,784).

- Refer to note (10) for the non-cash transactions.

- The accompanying notes on pages 7 - 60 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 2024

(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 from the date of the registration 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.

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

The largest shareholder in Taaleem Management Services is Palm Hills Developments S.A.E. owning 29.6% of the Company's capital.

The interim consolidated financial statements have been approved by the Board of Directors on 16 January 2025, and the general assembly of shareholders has the right to amend these financial statements after their issuance.

2. Accounting policies

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

2.1 New issued and amendments made to the Egyptian Accounting Standards

On 3 March 2024, The Prime Minister issued Resolution No. 636 of 2024, amending some provisions of the Egyptian Accounting Standards, which include some new accounting standards and amendments to some existing standards. Accordingly, these amendments to accounting standards were published in the Official Gazette on 3 March 2024. The most significant amendments are summarized as follows, which are effective for financial periods beginning on or after 1 January 2024.

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 2024

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

2. Accounting policies (continued)

2.1 New issued 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. (13) "The Effects of Changes in Foreign Exchange Rates"	<p>"Scope of the standard" The scope of the standard has been amended to include "determining the spot exchange rate when exchangeability between two currencies is lacking." Early application is permitted, and if the entity performed an early application, this shall be disclosed.</p> <p>"Measurement" - A currency that is difficult to exchange with another currency at the measurement date may later become exchangeable with that other currency, and the entity may conclude that the first subsequent exchange rate meets the conditions mentioned in paragraph 19A, and when the price does so, the entity may use this price as the estimated spot exchange rate.</p> <p>When there is difficulty in exchanging a currency for another currency on the measurement date, the entity must estimate the spot exchange rate on that date, and the estimated spot exchange rate must meet the estimated conditions on the measurement date.</p> <p>-When estimating the spot exchange rate as required under paragraph (19A), an entity shall use an observed exchange rate as the estimated spot exchange rate when that observed exchange rate meets the conditions provided in paragraph (19A).</p> <p>"Disclosures" Some new disclosures have been added to the spot exchange rate.</p>	The standard has no impact on the financial statements.	Applies to financial periods beginning on or after September 1, 2024.

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 2024

(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. (17) "The Separate financial statements"	<p>"Scope of the standard" The scope of the standard has been amended to include "the use of the equity method in accounting for investments in subsidiaries, associates and joint companies." Early application is permitted, and if the entity performed an early application, this shall be disclosed.</p> <p>"Measurement" When an entity prepares separate financial statements, it must account for investments in subsidiaries, in entities under common control, and in sister companies: 1- At cost 2- According to Egyptian Accounting Standard No. (47) Financial Instruments 3- Using the equity method as described in Egyptian Accounting Standard No. (18) Investments in Associated Companies.</p> <p>The entity must apply the same accounting treatment to each category of investments. If the entity classifies investments recorded at cost or uses ownership rights as assets held for the purpose of sale or distribution (or within a group of assets being disposed of and held for sale) in accordance with Egyptian Accounting Standard No. (32), non-current assets held for the purpose of sale and discontinued operations. The facility must account for that investment from the date of that classification in accordance with Egyptian Accounting Standard No. (32). As for investments that are accounted for in accordance with Egyptian Accounting Standard No. (47), their measurement will not change in such cases.</p>	The standard has no impact on the financial statements.	Applies to financial periods beginning on or after September 1, 2024.

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 2024

(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
	"Disclosures" Some new disclosures have been added.		
Egyptian Accounting Standard No. (34) "Investment in properties"	"Scope of the standard" The scope of the standard has been amended to include: "An entity must choose either the fair value model or the cost model as its accounting policy and must apply that policy to all of its investment in properties. Early application is permitted, and if the entity performed an early application, this shall be disclosed. "Measurement" - "Fair Value Model" After initial recognition, the entity must measure all its investment in properties at fair value - the gain or loss arising from the change in fair value must be included in the profit or loss for the period in which this change arises or through other comprehensive income for one time in the life of the asset. Or investment - in the event that the book value of investment in properties increases as a result of evaluating it at fair value, and the increase is recorded in other comprehensive income and collected within equity under the title of investment in properties evaluation surplus at fair value. However, the increase must be proven from profit and loss to the extent that it reflects a decrease. In evaluating the same investment, it was previously recognized in profit and loss. "Disclosures" Some new disclosures have been added.	The standard has no impact on the financial statements.	Applies to financial periods beginning on or after September 1, 2024.

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 2024

(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

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 except for the put options and employee stock ownership plan liability that have been measured at fair value.

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.

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 interests	
		30 November 2024	31 August 2024	30 November 2024	31 August 2024
Nahda Education Company 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 Company for Education and Management Services Company S.A.E.	Egypt	99.9%	99.9%	0.1%	0.1%
Badya International University Company for Education S.A.E.	Egypt	60%	60%	40%	40%
SB Investment Company S.A.E.	Egypt	32%	32%	68%	68%

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).

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 2024

(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)

Financial information about the material subsidiaries of the Group are summarised as follows:

Name of subsidiary	Nahda University	
	30 November 2024	31 August 2024
Summarised balance sheet		
Current assets	779,211,668	568,408,420
Current liabilities	(660,846,019)	(553,532,589)
Current net assets	118,365,649	14,875,831
Non-current assets	1,666,186,818	1,573,758,849
Non-current liabilities	(245,690,629)	(302,190,417)
Non-current net assets	1,420,496,189	1,271,568,432
Net assets	1,538,861,838	1,286,444,263
Accumulated non-controlling interests	21,404,041	18,644,630
	Nahda University	
	30 November 2024	30 November 2023
Summarised statement of profit or loss		
Revenues	564,234,338	393,892,801
Profit for the period	252,417,575	188,540,271
Other comprehensive income	-	-
Total comprehensive income	252,417,575	188,540,271
Profit allocated to non-controlling interests	2,759,411	2,061,109
	Nahda University	
	30 November 2024	30 November 2023
Summarised statement of cash flows		
Cash flows generated from operating activities	93,201,432	79,623,244
Cash flows used in investing activities	(81,625,421)	(48,861,474)
Cash flows (used in)/generated from financing activities	(59,648,727)	13,067,387
Net change in cash and cash equivalents	(48,072,716)	43,829,157

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 2024

(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	Badya International University Company for Education S.A.E.	
	30 November 2024	31 August 2024
Summarised balance sheet		
Current assets	136,069,098	87,116,816
Current liabilities	(158,858,403)	(149,974,167)
Current net liabilities	(22,789,305)	(62,857,351)
Non-current assets	2,485,969,021	2,200,224,443
Non-current liabilities	(1,701,070,017)	(1,562,375,951)
Non-current net assets	784,899,004	637,848,492
Net assets	762,109,699	574,991,141
Accumulated non-controlling interests	304,843,882	229,996,458
Name of subsidiary	SB Investment Company S.A.E.	
	30 November 2024	31 August 2024
Summarised balance sheet		
Current assets	177,546,471	238,849,603
Current liabilities	(25,354,921)	(23,922,757)
Current net assets	152,191,550	214,926,846
Non-current assets	590,095,100	519,414,461
Non-current liabilities	(5,725,531)	(5,725,531)
Non-current net assets	584,369,569	513,688,930
Net assets	736,561,119	728,615,776
Accumulated non-controlling interests	744,287,924	738,793,527

Nahda Education Company 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 Company S.A.E. for a nominal amount to enable it to subscribe in the Nahda Education Company S.A.E. share capital increase from EGP 250,000 to EGP 10 Million. The company's 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 Company 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 Company S.A.E. entered into an assignment agreement with the University's founders whereby they have contractually passed to Nahda Education 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 Company for Education and Management Services S.A.E (the New Founder).

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 2024

(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 Education Company S.A.E, Nahda University LP and Nahda University (continued)

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 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 interests was 250,000 EGP and the consideration paid to non-controlling interests 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.

Nahda University Company for Education and Management Services 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 19 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 interim consolidated financial statements starting from the date of the agreement.

Badya International University company for Education S.A.E.

On 1 February 2021, Taaleem Management Services Company S.A.E established Badya International University company for Education S.A.E, 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%.

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 2024

(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)

Badya International University company for Education S.A.E. (continued)

Upon establishment of established Badya International University company for Education S.A.E, the Company entered into a shareholders agreement with Palm Hills for Education S.A.E. On 1 February 2023, an amendment was signed that gives the right to Taaleem Management Services S.A.E. to control the subsidiary established Badya International University Company for Education S.A.E, Its financial 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".

SB Investment Company S.A.E.

In November 2022, Taaleem Management Services S.A.E. signed a subscription agreement and a shareholders agreement to become a shareholder in SB Investment Company S.A.E. (the 'investee'), an established company whose primary objective is to carry out the business, and wholly own, develop and manage "Memphis University" (the 'University').

On 27 March 2023, the existing shareholders of SB Investment Company S.A.E held the capital increase extraordinary general assembly meeting allowing Taaleem Management Services to subscribe and become a 32% shareholder in SB Investment Company 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 S.A.E. in SB Investment Company S.A.E reached 32% through a capital increase of 294 million Egyptian pounds. Taaleem Management Services paid the remaining amount of EGP 20,500,000 to the previous shareholders according to the subscription agreement.

The shareholders agreement signed between Taaleem Management Services S.A.E. and the existing shareholders of SB Investment Company S.A.E. granted Taaleem Management Services S.A.E the control over SB Investment S.A.E and full control over the University, as follows:

Management has concluded that the group controls SB Investment Company S.A.E. (the 'subsidiary'), even though it holds 32% of the voting rights of this subsidiary. This is because the group is able to use its power over the entity to affect those returns as a result of the shareholders agreement between the group and the existing shareholders, which grants Taaleem Management Services S.A.E. full control over the University and full control over the Company. At all times, Taaleem shall have the sole right to the following:

- The right to appoint, and direct the Board of Trustees of Memphis University
- The right to appoint the Board of Trustees' president and vice presidents
- The right to appoint the key personnel of the University
- The right to appoint the CEO, CFO and key personnel of the Company
- Manage the Company and the University, and direct the day-to-day operations of the Company and University
- Formulate and implement strategies, business plans, and budget of the Company and University.

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 2024

(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)

SB Investment Company S.A.E. (continued)

On 27 June 2024, a presidential decree was issued granting the right to the shareholders to establish Memphis University ("The University").

On 28 August 2024, Taaleem Management Services S.A.E. contributed an additional amount of EGP 48,092,588, representing their 32% shareholding in the Investee's capital increase.

The shareholders agreement includes a "Call Option" giving Taaleem Management Services Company S.A.E. the right to purchase 19% of the subsidiary's shares from the existing shareholders of the subsidiary that would increase Taaleem Group ownership to 51% of SB Investment Company 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 "put option exercise period".

The shareholders agreement also includes a "Put Option" to the existing shareholders in case Taaleem Management Services Company S.A.E. do not exercise the call option, the existing shareholders shall have the right to require Taaleem Management Services S.A.E. to purchase the 19% share from the existing shareholders' at their fair value on a specified date. This option is exercisable upon the expiry of Taaleem call option period and for a period of twelve months thereafter "call option exercise period".

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.

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.

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 2024

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

2. Accounting policies (continued)

2.3 Basis of consolidation (continued)

2.3.1 Acquisition method (continued)

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.

2.3.2 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.

2.3.3 Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interests 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.

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.

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 2024

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

2. Accounting policies (continued)

2.3 Basis of consolidation (continued)

2.3.3 Goodwill (continued)

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.

2.3.4 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.

2.4 Foreign currency transaction

(a) Functional and presentation currency

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

(b) 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.

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 2024

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

2. Accounting policies (continued)

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.

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 group of assets:

Buildings	40 years
Infrastructure	10 years
Furniture and fixtures	4 - 7 years
Laboratories	7 years
Machinery and equipment	4 - 7 years
Vehicles	4 - 5 years
Books	20 years
Programs and computers	5 - 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 its 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 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 2024

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

2. Accounting policies (continued)

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
- Assets measured at amortized cost. Financial assets at amortized cost consists of debtors and 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.

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 Group's business model for managing these assets 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 interim 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 2024

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

2. Accounting policies (continued)

2.6 Financial assets (continued)

(iv) Debt instruments (continued)

- 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 comprehensive income, with the exception of recognizing impairment gains or losses, interest income and foreign exchange gains and losses recognized in the interim consolidated statement of profit or loss.

On the financial asset derecognition, retained earnings/losses -previously recognized in the consolidated statement of 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 interim consolidated statement of profit or loss.

Fair value through profit or loss: Assets not meeting the criteria of amortized cost or 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 2024

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

2. Accounting policies (continued)

2.8 Intangible assets other than goodwill

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 an 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.

2.9 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 interim consolidated statement of cash flows, "cash and cash equivalents" includes cash on 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

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 2024

(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 consolidated profit or loss for the year. Current and deferred tax is recognised in other comprehensive income or directly in equity if its 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 interim consolidated financial statements.

Deferred tax is determined using tax rates and laws that have been enacted at the date of the interim 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 2024

(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 parent Company'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 S.A.E. 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:
- 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.
- 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.

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 2024

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

During the period, the total employee stock ownership plan expenses incurred through the interim consolidated statement of profit or loss amounted to EGP 7,890,449 (30 November 2023: EGP 2,326,712).

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.

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.

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 2024

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

2. Accounting policies (continued)

2.18 Creditors and other credit balances

Creditors and other credit balances are recognised initially at the amount of goods or services received from others, whether the invoice is 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.

(a) Tuition revenues

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

(b) Bus and accommodation revenues

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.

(c) Interest income

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

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.

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 2024

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

2. Accounting policies (continued)

2.20 Fair value estimation (continued)

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 Segment 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 interim 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 Debtors and other debit balances

Debtors and other debit balances 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.

2.24 Leases

The Group rents buildings as a lessee, which are used in the Group's operations. The contract 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.

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 2024

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

2. Accounting policies (continued)

2.25 Leases (continued)

2.25.1 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.

2.25.2 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.

2.25.3 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 Group must use the incremental borrowing rate.

2.25.4 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 2024

(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 flows and fair value interest rate risks), 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 consolidated statement of profit or loss:

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

	30 November 2024			31 August 2024
	Assets	Liabilities	Net	Net
USD	79,700,151	-	79,700,151	48,649,077
EUR	236,589	(1,984,410)	(1,747,821)	-
GBP	45,348	-	45,348	46,322
	79,982,088	(1,984,410)	77,997,678	48,695,399

Note 27 is illustrating the foreign currency differences 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 exchange rates had increased or decreased by 10%, the effect on the interim consolidated statement of profit or loss would have been as follows:

	30 November 2024	31 August 2024
USD +/-10%	7,970,015	4,864,908
EURO +/-10%	(174,782)	-
GBP +/-10%	4,535	4,632

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 2024

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

3. Financial risk management (continued)

3.1 Financial risks factors (continued)

(a) Market risk (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 financial statements 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 2024 and 31 August 2024:

	Increase/ decrease	Effect on interim consolidated financial statements EGP
30 November 2024	1%	19,285,550
31 August 2024	1%	17,699,945

(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:

	30 November 2024	31 August 2024
Cash and cash equivalents	525,659,501	427,999,323

(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 a periodic basis and takes the necessary actions in order to ensure sufficient cash is maintained to discharge the Group's liabilities.

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 2024

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

3. Financial risk management (continued)

3.1 Financial risks factors (continued)

(c) Liquidity risk (continued)

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.

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 2 years	From 2 years to 5 years	Above 5 years	Total
30 November 2024						
Bank borrowings	106,584,375	98,425,781	803,681,678	2,669,044,203	1,789,319,168	5,467,055,205
Creditors and other credit balances	331,269,320	74,355,798	37,177,899	-	-	442,803,017
Lease liabilities	9,001,425	3,488,692	7,387,661	13,659,390	-	33,537,168
Put option liability	-	-	-	1,640,054,350	-	1,640,054,350
Total	446,855,120	176,270,271	848,247,238	4,322,757,943	1,789,319,168	7,583,449,740
31 August 2024						
Bank borrowings	117,425,233	106,584,375	506,396,427	2,635,351,106	2,218,723,296	5,584,480,438
Creditors and other credit balances	274,963,137	74,355,798	74,355,798	-	-	423,674,733
Lease liabilities	8,899,703	6,262,012	7,275,767	15,515,630	-	37,953,112
Put option liability	-	-	-	1,640,054,350	-	1,640,054,350
Total	401,288,073	187,202,185	588,027,992	4,290,921,086	2,218,723,296	7,686,162,633

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's 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's 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 creditors and other credit balances, lease liabilities and bank borrowings less cash and cash equivalents. The total capital is the Group's total equity as described in the interim consolidated statement of financial position plus net debt.

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 2024

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

3. Financial risk management (continued)

3.2 Capital risk management (continued)

Net debt to total capital ratio is as follows:

	30 November 2024	31 August 2024
Total debt		
Creditors and other credit balances	502,417,944	567,573,879
Lease liabilities	27,889,003	31,445,467
Bank borrowings	1,928,554,961	1,769,994,452
Less: Cash and cash equivalents	(525,665,913)	(427,999,323)
Net debt	1,933,195,995	1,941,014,475
Total equity	2,633,932,066	2,341,246,272
Total capital	4,567,128,061	4,282,260,747
Net debt to total capital ratio	42%	45%

3.3 Fair value estimation

At the period/ year end, no financial assets or liabilities were measured at fair value except for the put option liability. The carrying value of financial assets and financial liabilities classified as current assets or current liabilities in the consolidated 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 creditors and other credit balances is not expected to have a material difference from the reported carrying amount.

4. Critical accounting estimates and judgment

4.1 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.

(a) 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.

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 2024

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

4. Critical accounting estimates and judgment (continued)

4.1 Critical accounting estimates and assumptions (continued)

(b) Estimation of useful lives for fixed assets

The estimation of the useful lives of items of fixed assets 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.

(c) 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.

(d) 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).

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

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

5. Fixed assets

	Land	Buildings	Infrastructure	Furniture & fixtures	Laboratories	Machinery & equipment	Vehicles	Books	Programs & computer	Projects under construction	Total
Year ended 31 August 2024											
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	1,819,218,747	2,519,965,017
Additions	-	-	1,213,814	2,773,948	6,979,206	638,931	16,677,060	-	-	2,145,608,888	2,173,893,847
Transfer from projects under construction	-	-	-	3,945,377	4,181,813	-	-	-	1,298,300	(9,425,490)	-
Disposals	-	-	-	-	-	-	(2,080,000)	-	-	-	(2,080,000)
Accumulated depreciation for disposals	-	-	-	-	-	-	2,080,000	-	-	-	2,080,000
Depreciation expense	-	(12,247,267)	(10,151,383)	(6,673,321)	(14,382,565)	(1,208,657)	(2,983,096)	(38,955)	(1,553,051)	-	(49,238,295)
Net book amount	200,541,727	359,639,383	50,556,797	20,236,913	37,471,878	2,361,907	16,495,485	398,902	1,515,432	3,955,402,145	4,644,620,569
At 31 August 2024											
Cost	200,541,727	465,605,707	128,378,863	123,134,982	136,379,442	20,409,144	55,836,221	776,975	8,688,101	3,955,402,145	5,095,153,307
Accumulated depreciation	-	(105,966,324)	(77,822,066)	(102,898,069)	(98,307,564)	(18,047,237)	(39,340,736)	(378,073)	(7,172,669)	-	(450,532,738)
Net book amount	200,541,727	359,639,383	50,556,797	20,236,913	37,471,878	2,361,907	16,495,485	398,902	1,515,432	3,955,402,145	4,644,620,569
Period ended 30 November 2024											
Opening net book amount	200,541,727	359,639,383	50,556,797	20,236,913	37,471,878	2,361,907	16,495,485	398,902	1,515,432	3,955,402,145	4,644,620,569
Additions	-	-	-	21,669,127	22,054,830	5,469,984	-	-	39,947,397	356,854,351	445,995,689
Transfer from projects under construction	-	-	-	7,139,595	-	-	-	-	-	(7,139,595)	-
Depreciation expense	-	(3,048,139)	(2,494,886)	(2,298,471)	(4,143,180)	(289,873)	(1,202,007)	(9,686)	(726,625)	-	(14,212,867)
Net book amount	200,541,727	356,591,244	48,061,911	46,747,164	55,383,528	7,542,018	15,293,478	389,216	40,736,204	4,305,116,901	5,076,403,391
30 November 2024											
Cost	200,541,727	465,605,707	128,378,863	151,943,704	158,434,272	25,879,128	55,836,221	776,975	48,635,498	4,305,116,901	5,541,148,996
Accumulated depreciation	-	(109,014,463)	(80,316,952)	(105,196,540)	(103,050,744)	(18,337,110)	(40,542,743)	(387,759)	(7,899,294)	-	(464,745,605)
Net book amount	200,541,727	356,591,244	48,061,911	46,747,164	55,383,528	7,542,018	15,293,478	389,216	40,736,204	4,305,116,901	5,076,403,391

Depreciation for the year ended 31 August 2024 includes an amount of EGP 45,673,288 for operating expenses and EGP 3,565,007 for general and administrative expenses.

Depreciation for the period ended 30 November 2024 includes an amount of EGP 13,311,022 for operating expenses and EGP 901,845 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-month period ended 30 November 2024

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

5. Fixed assets (continued)

During the period/year, an amount of EGP 27,751,659 (31 August 2024: EGP 112,321,982) was added to projects under construction, representing borrowing costs on multiple projects in Nahda University Beni Suef. During the period/year, an amount of EGP 123,438,080 (31 August 2024: EGP 233,111,334) was added to projects under construction, representing capitalized borrowing costs on Badya University project.

* Projects under construction additions include an amount of EGP 8,473,279 (31 August 2024: EGP 52,344,193) for Badya University land, an amount of EGP 177,852,240 (31 August 2024: EGP 1,471,332,879) for Badya University phase one construction, equipment, and furnishing works, and an amount of EGP 99,146,316 (31 August 2024: EGP 361,553,253) for Nahda University's new projects and an amount of EGP 70,680,635 (31 August 2024: EGP 257,571,042) for Memphis University's construction works, and an amount of EGP 701,881 (31 August 2024: EGP 2,807,521) for Taaleem Management Services.

6. Intangible assets

31 August 2024

	Movement			Balances
	Goodwill	License	Software	August 2024
Arising from business combination	222,464,614	298,409,000	830,274	521,703,888
Additions	-	84,277,320	-	84,277,320
Amortisation charge	-	-	(207,685)	(207,685)
Net book amount	222,464,614	382,686,320	622,589	605,773,523

30 November 2024

	Movement			Balances
	Goodwill	License	Software	November 2024
Arising from business combination	222,464,614	382,686,320	622,589	605,773,523
Additions	-	511,680	-	511,680
Amortisation charge	-	-	(51,805)	(51,805)
Net book amount	222,464,614	383,198,000	570,784	606,233,398

6.1 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 consolidated statement of profit or loss 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.

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 2024

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

6. Intangible assets (continued)

6.2 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 fixed assets. 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.

6.3 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 nine years maximum. The terminal value is calculated using a 5% terminal growth rate (31 August 2024: 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.

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:

	30 November 2024	31 August 2024
Revenue average annual growth rate	23%	23%
Gross profit average annual growth rate	22%	22%
Terminal growth	5%	5%
Discount rate	24%	24%

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

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

6. Intangible assets (continued)

6.3 Goodwill (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.

6.4 Impact of possible changes in key assumptions

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 analysing 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 458 million (31 August 2024: EGP 458 million) which represent a 9.5% (31 August 2024: 9.5%) 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 260 million (31 August 2024: EGP 260 million) which represent a 5.4% (31 August 2024: 5.4%) 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 decreased by EGP 229 million (31 August 2024: EGP 229 million) which represent a 4.7% (31 August 2024: 4.7%) 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 137 million (31 August 2024: EGP 137 million) which represent a 2.8% (31 August 2024: 2.8%) 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.

7. Inventories

	30 November 2024	31 August 2024
Other supplies	4,824,025	5,293,975
Hospital supplies	3,153,784	2,762,346
	<u>7,977,809</u>	<u>8,056,321</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-month period ended 30 November 2024

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

8. Debtors and other debit balances

	30 November 2024	31 August 2024
Due from students	95,835,795	49,426,982
Prepaid expenses *	79,227,539	27,855,406
Advances to suppliers	25,974,788	62,677,818
Advances to tax authority	15,152,896	12,122,306
Deposits held with others	6,531,818	6,418,818
Letters of guarantee	5,725,531	5,725,531
Due from employees	2,829,116	1,780,952
Other receivables	5,247,285	6,008,067
	236,524,768	172,015,880
<u>Less: non-current portion</u>		
Prepaid expenses – non-current portion	(32,738,178)	(14,835,726)
	203,786,590	157,180,154

* During September 2024, Badya International University Company for Education S.A.E. entered into an agreement with The University of Texas Medical Branch “UTMB” to provide educational services. The contract extends over a period of five years starting from Badya University’s first academic year starting 1 September 2024 and may be terminated by either party at any time following the completion of the first two academic years. For the educational services provided, Badya University will compensate “UTMB” according to the following terms:

Start-up fee:

- First installment: USD 500,000 due on the effective date of the agreement
- Second installment: USD 500,000 is due on 15 October 2024
- Third installment: USD 50,000 is due to 15 October 2025

Recurring annual payments:

- USD 900 annual per-student fee for the students enrolled in the medicine, dentistry and physiotherapy faculties.
- The total compensation payable by Badya University shall not be less than USD 1,400,000 in any fiscal year.

9. 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.

9.1 Key management compensation

	30 November 2024	30 November 2023
Profit distribution	22,696,700	16,080,362
Salaries	8,076,142	5,215,075
Board meeting attendance	1,435,000	1,520,000
	32,207,842	22,815,437

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 2024

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

10. Cash and cash equivalents

	30 November 2024	31 August 2024
Bank current accounts	519,359,501	421,699,323
Deposits with banks	6,300,000	6,300,000
Cash on hand	6,412	-
Cash and cash equivalents	525,665,913	427,999,323

Current accounts and time deposits with banks are with local banks that are under the supervision of the Central Bank of Egypt. The average interest rate on these current accounts during the period/ year is 22% per annum (31 August 2024: 19%) and the interest rate on these time deposits during the period/ year is 22% per annum (31 August 2024: 16%).

Non-cash transactions in the interim consolidated statement of cash flows are as follows:

	30 November 2024	30 November 2023
Additions to fixed assets: capitalised borrowing costs	136,713,292	38,463,756
Transfer of accrued interest from creditors and other credit balances to bank borrowings	122,766,792	9,947,900
Dividends payable to board members and employees included in creditors and other credit balances	43,761,373	-

11. Right of use assets

The right of use assets represents lease contracts related to the managerial quarter of the company and smart village building and is 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.

	30 November 2024	31 August 2024
Balance at the beginning of the period/year	22,598,713	34,192,251
Depreciation during the period/year	(2,898,385)	(11,593,538)
Balance	19,700,328	22,598,713

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.

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 2024

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

12. 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 as at 30 November 2024 and 31 August 2024 is allocated as follows:

Name	Nationality	No. of Shares	Value of shares	Paid-up capital
30 November 2024				
Palm Hills Developments S.A.E.	Egyptian	216,112,769	216,112,769	216,112,769
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	265,940,702	265,940,702	265,940,702
		730,250,000	730,250,000	730,250,000
31 August 2024				
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
		730,250,000	730,250,000	730,250,000

The Company was 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.

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.

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 2024

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

12. Paid-up capital (continued)

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.

On April 2021, The company's shares were offered on the Egyptian Stock Exchange, and 357,822,200 shares were offered at a value of 2,057,477,650 Egyptian pounds, and thus, the company's ownership structure changed after the subscription. During the period, Sphinx purchased 7,685,288 shares of the offered shares, with a value of 44,190,406 Egyptian pounds.

Sphinx Obelisk, the former direct parent company of Taaleem Management Services has sold its entire stake to its shareholders.

The largest shareholder in Taaleem Management Services is Palm Hills Developments S.A.E. with 29.6% ownership.

13. Reserves

	30 November 2024	31 August 2024
Legal reserve	21,144,480	10,256,045

Legal reserve

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.

14. Employee stock ownership plan

	30 November 2024	31 August 2024
Balance at the beginning of the period/year	12,572,692	-
Expenses during the period/year	7,890,449	34,504,999
Settlements during the period/year	-	(21,932,307)
Balance at the end of the period/year	20,463,141	12,572,692

The employee stock ownership plan's reward is calculated on the basis of 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 transfer of a number of shares calculated by dividing the annual value over the share price by the time of each exercise, resulting in the final shares for each beneficiary.

The estimated value of the incentive and reward scheme for two years is EGP 33,591,500, subject to change with the change in the share performance.

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 2024

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

15. Non-controlling interests

	Capital	Reserves	Retained earnings	Total
30 November 2023				
Balance at 1 September 2023	696,926,242	3,677,604	10,371,290	710,975,136
Total comprehensive income for the period	-	-	2,000,331	2,000,331
Balance at 30 November 2023	696,926,242	3,677,604	12,371,621	712,975,467
30 November 2024				
Balance at 1 September 2024	983,062,994	3,677,604	14,634,016	1,001,374,614
Capital increase	80,000,000	-	-	80,000,000
Total comprehensive income for the period	-	-	3,101,232	3,101,232
Balance at 30 November 2024	1,063,062,994	3,677,604	17,735,248	1,084,475,846

16. Bank borrowings

	30 November 2024	31 August 2024
Medium-term loans – current portion	112,500,000	114,760,388
Medium-term loans – non-current portion	1,816,054,961	1,655,234,064
Total *	1,928,554,961	1,769,994,452

Bank Borrowings represent the value of a loan granted to the Group by Ahly United Bank. The total loan amount available is EGP 2.55 billion. The bank medium-term loans amounted to EGP 1,928,554,961 as of 30 November 2024 (31 August 2024: 1,769,994,452), the interest rate for the loan is 1.25% per annum plus lending corridor rate. The terms of these contracts are five years for Nahda University and nine years for Badya University, starting from the date of the first withdrawal of the "funding period", with a grace period granted to the Group of one year for Nahda University and five years for Badya University 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 starting from March 2024, due in September and March every financial year, and at Badya University over four years starting from March 2028, due in September and March of every financial year.

In September 2024, Ahli United Bank has agreed to increase the funding amount granted to Badya International University Company for Education S.A.E to be of EGP 2.1 billion instead of EGP 1.5 billion, provided that the increase in the financing amount is used to include the accrued interest during the financing period.

* The medium-term loans outstanding at Nahda University amounted to EGP 337,500,000, EGP 1,585,329,430 at Badya International University company for Education S.A.E, and EGP 5,725,531 at SB Investment Company S.A.E.

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 2024

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

16. Bank borrowings (continued)

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.

Other pledges:

- Badya International University Company for 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.
- Transferring the surplus in cash flows to the Company's account at the bank, the surplus in cash flows is represented by the tuition fees for Badya University and any other income except for the operating expenditures.
- In case the shareholders decide to increase any management fees, the company pledges to grant the bank the priority of paying all the bank's due amounts related to the principle, interest and administrative expenses of the Company over the increase in the management fees.
- The company's shareholders pledge to cover any increase in cost or deficit in the debt service ratio from the shareholder's 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 1.5 for the entire period and the financial leverage shall not exceed 1.5 during the financing period.

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 2024

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

17. Deferred tax liabilities

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

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

	Balance at 1 September 2024	Movement during the period charged to the statement of profit or loss	Balance at 30 November 2024
Deferred tax liabilities			
Fixed assets	17,444,939	211,224	17,656,163
Fixed assets - arising from business combination	14,616,460	(177,388)	14,439,072
Intangible assets - arising from business combination	67,129,228	-	67,129,228
Deferred tax assets			
Lease liabilities	(1,990,519)	-	(1,990,519)
Tax losses	(8,093,006)	-	(8,093,006)
Employee stock ownership plan	(1,986,968)	-	(1,986,968)
Net deferred tax liabilities	87,120,134	33,836	87,153,970
	Balance at 1 September 2023	Movement during the year charged to the statement of profit or loss	Balance at 31 August 2024
Deferred tax liabilities			
Fixed assets	16,550,178	894,761	17,444,939
Fixed assets - arising from business combination	15,326,012	(709,552)	14,616,460
Intangible assets - arising from business combination	67,129,228	-	67,129,228
Deferred tax assets			
Lease liabilities	(2,184,397)	193,878	(1,990,519)
Tax losses	-	(8,093,006)	(8,093,006)
Employee stock ownership plan	-	(1,986,968)	(1,986,968)
Net deferred tax liabilities	96,821,021	(9,700,887)	87,120,134

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 2024

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

18. Provisions

	<u>Lawsuits provisions</u>	<u>Tax provisions</u>	<u>Total</u>
Balances at 1 September 2023	1,262,182	6,468,534	7,730,716
Provisions used during the year	-	(1,456,129)	(1,456,129)
Balances at 31 August 2024 and 30 November 2024	<u>1,262,182</u>	<u>5,012,405</u>	<u>6,274,587</u>

19/A. Creditors and other credit balances

	<u>30 November 2024</u>	<u>31 August 2024</u>
Amounts payable in relation to acquiring two plots of land	166,331,873	209,849,819
Interest payable	96,267,863	171,930,046
Accrued expenses	84,364,063	84,982,094
Dividends payable to board members and employees	43,761,373	-
Retentions	36,054,350	30,198,921
Trade payables	26,858,524	28,592,245
Tax authority	20,731,739	20,608,928
Social insurance authority	1,546,142	698,265
Other payables	<u>26,502,017</u>	<u>20,713,561</u>
	<u>502,417,944</u>	<u>567,573,879</u>
<u>Less: non-current portion</u>		
Interest payable	(79,172,550)	(122,694,889)
Amounts payable in relation to acquiring a plot of land – non-current portion*	<u>(36,568,037)</u>	<u>(71,422,529)</u>
	<u>386,677,357</u>	<u>373,456,461</u>

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 are 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 instalment 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.

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 2024

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

19/A. Creditors and other credit balances (continued)

The land and its related liability are both recorded at the present value of the future payments 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 2024 is EGP 166,331,873.

19/B. Deferred revenues

Deferred revenues represent, the revenues collected from the university students for the academic year 2024-2025 for which education services have not yet been provided as of 30 November 2024. These amounts will be amortized throughout the educational process from the date of commencement of the academic year 2024-2025.

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

	30 November 2024	31 August 2024
Balance at the beginning of the period/year	148,133,526	222,859,166
Collected during the period/year	643,037,547	1,074,654,616
Revenue recognised during the period/year	(573,717,307)	(1,149,380,256)
Balance at the end of the period/year	217,453,766	148,133,526

20. Lease liabilities

Liability represents current value for lease liability related to managerial head 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%.

	30 November 2024	31 August 2024
Current value		
Less than one year	9,954,159	12,305,873
More than one year	17,934,844	19,139,594
	27,889,003	31,445,467

The lease movements are presented as follows:

	30 November 2024	31 August 2024
Balance at the beginning of the period/year	31,445,467	43,900,685
Add: interest charged during the period/year	859,478	4,328,901
Less: lease payments during the period/year	(4,415,942)	(16,784,119)
Lease liabilities at the end of the period/year	27,889,003	31,445,467

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 2024

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

20. Lease liabilities (continued)

The lease commitments undiscounted are as follows:

	30 November 2024	31 August 2024
Less than six months	9,001,425	8,899,703
From six months to one year	3,488,692	6,262,012
From one year to five years	21,047,051	22,791,397
	<u>33,537,168</u>	<u>37,953,112</u>

21. Current income tax liabilities

	30 November 2024	31 August 2024
Balance at the beginning of the period/year	163,544,630	90,311,411
Current income tax for the period/year	91,251,619	164,532,213
Paid during the period/year	-	(86,817,653)
Settled during the period/ year	-	(4,481,341)
Balance at the end of the period/year	<u>254,796,249</u>	<u>163,544,630</u>

22. Put option liability/reserve

	30 November 2024	31 August 2024
Balance at the beginning of the period/year	753,158,690	611,337,891
Change in fair value during the period/year	40,411,230	141,820,799
	<u>793,569,920</u>	<u>753,158,690</u>

The group has written put options over the non-controlling interests of its subsidiary Badya International University Company for 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 group has written call options over the non-controlling interests of its subsidiary SB Investment Company S.A.E. giving Taaleem Management Services the right to purchase 19% of the company shares from the existing shareholders of the Company that would increase Taaleem Group ownership to 51% of SB Investment Company S.A.E. In case Taaleem Management Services do not exercise this call option, a put option is granted which permits the existing shareholders the right to require Taaleem Management Services to purchase these shares at their fair value on a specified date.

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.

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 2024**

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

23. Revenues

	30 November 2024	30 November 2023
Tuition fees	576,225,254	378,913,681
Student housing subscription	3,208,397	2,831,100
Bus subscription	273,196	161,771
Other educational fees	10,882,367	9,988,488
	590,589,214	391,895,040

24. Cost of revenues

	30 November 2024	30 November 2023
Salaries and wages	47,402,986	25,883,315
Educational activities expenses	37,665,690	15,639,535
Depreciation expense	13,311,022	11,728,381
Governmental fees	8,374,532	6,681,525
Utilities expenses	7,611,999	3,090,386
Right of use assets depreciation	2,898,385	2,898,385
Amortization expenses	194,080	194,080
Other expenses	7,590,740	3,536,757
	125,049,434	69,652,364

25. General and administrative expenses

	30 November 2024	30 November 2023
Salaries and wages	29,058,696	17,308,335
Value added tax on management fees	10,101,249	6,429,518
Security and cleaning expenses	9,924,072	3,000,403
Employee stock ownership plan expenses	7,890,449	2,326,712
Professional fees	7,278,761	4,611,045
Advertising expenses	5,494,274	4,222,084
Maintenance fees	3,927,507	2,116,075
Social insurance	2,920,435	2,118,668
Board meeting attendance	1,435,000	1,520,000
Rent expenses *	1,406,799	881,339
Telephone and fax expenses	1,268,902	1,371,619
Depreciation expenses	901,845	628,801
Other expenses	10,923,307	6,488,262
	92,531,296	53,022,861

* 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-month period ended 30 November 2024

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

26. Expenses by nature

	30 November 2024	30 November 2023
Salaries and wages	76,461,682	43,191,651
Educational activities expenses	33,485,384	12,318,775
Depreciation expense	14,212,867	12,357,184
Value added tax on management fees	10,101,249	6,429,518
Governmental fees	8,374,532	6,681,525
Employee stock ownership plan expense	7,890,449	2,326,712
Utilities expenses	7,611,999	3,090,386
Professional fees	7,278,761	4,611,045
Transportation and travel expenses	6,710,460	2,713,997
Advertising expenses	5,494,274	4,222,084
Cleaning expenses	5,424,947	1,660,370
Security expenses	4,499,125	1,340,033
Maintenance fees	3,927,507	2,116,075
Educational governmental fund subscription	3,180,000	1,230,000
Conference and camps expenses	2,944,375	671,767
Social insurance	2,920,435	2,118,668
Right of use assets depreciation	2,898,385	2,898,385
Comprehensive medical insurance plan	1,772,503	1,182,957
Board meeting attendance	1,435,000	1,520,000
Rent expenses	1,406,799	981,355
Telephone and fax expenses	1,268,902	1,371,619
Laboratory expenses	1,000,306	2,090,760
Real estate tax	164,328	164,328
Amortization of prepaid expenses	142,275	142,275
Amortization of intangible assets	51,805	51,805
Community service expenses	-	28,000
Other expenses	6,922,381	5,163,951
	217,580,730	122,675,225

27/A. Finance income

	30 November 2024	30 November 2023
Interest income	18,951,970	15,950,500

27/B. Finance cost

	30 November 2024	30 November 2023
Interest expense – lease contracts	859,478	1,205,458
Foreign currency exchange losses	3,810,999	34,774
	4,670,477	1,240,232

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 2024

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

28. Income tax expense

	30 November 2024	30 November 2023
Income tax expense for the period	91,251,619	64,687,349
Deferred tax expense / (income) for the period	33,836	(101,841)
	91,285,455	64,585,508

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:

	30 November 2024	30 November 2023
Profit before tax	390,225,517	285,312,392
Income tax based on tax rate of 22.5%	87,800,741	64,195,288
Non-deductible expenses	3,484,714	390,220
Income tax expense	91,285,455	64,585,508
Effective tax rate	23.4%	22.6%

29. Earnings per share

(a) 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)
- By the weighted average number of ordinary shares outstanding during the year represented by 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.

	30 November 2024	30 November 2023
Net profit for the period attributable to owners of the parent company	295,838,830	218,726,553
Expected distribution to the employees	(5,195,089)	(3,296,336)
	290,643,741	215,430,217
Weighted average number of shares	730,250,000	730,250,000
Earnings per share	0.40	0.30

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 2024

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

29. Earnings per share (continued)

(b) 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 (dilution) decrease.

During the period ended 30 November 2024 the Group did not issue any potential ordinary shares that results in a dilution. Hence, the diluted earnings per share is the same as the basic earnings per share.

30. Tax position

30.1 Taaleem Management Services Company S.A.E

30.1.1 Income tax

- (a) Financial years from the date of inception till 31 August 2021:
 - Tax returns are regularly submitted on the legal due dates and the above mentioned years are currently under inspection according to the income tax law no. 91 for the year 2005 and its amendments.
- (b) The period from 1 September 2021 till 31 August 2023:
 - Tax returns are regularly submitted on the legal due dates according to the income tax law no. 91 for the year 2005 and its amendments and the unified tax procedures law no. 206 for the year 2020.
- (c) The period from 1 September 2023 till 30 November 2024:
 - Tax return for this period is currently under preparation and will be submitted before 31 December 2024, i.e. within the legal deadline.

30.1.2 Payroll tax

- (a) The period from the beginning of the activity till year 2021:
 - Documentary examination was carried out with no outstanding claims or disputes related to the period.
- (b) The period from year 2022 till 30 November 2024:
 - The payroll tax is deducted monthly from the employees and regularly submitted to the Egyptian Tax Authority. The quarterly returns are submitted on the legal due dates and annual settlements are made in January of each year for the year ended 31 December according to the income tax law no. 91 for the year 2005 and its amendments and the unified tax procedures law no. 206 for the year 2020.

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

30. Tax position (continued)

30.1 Taaleem Management Services Company S.A.E(continued)

30.1.3 Stamp tax

- (a) The period from inception till 31 August 2021:
 - Documentary examination was carried out with no outstanding claims or disputes related to the period.
- (b) The period from 1 September 2021 till 30 November 2024:
 - No activities subject to stamp tax were carried during the period. The Company has not been notified with any examination request for stamp tax for the period mentioned above till the date of the consolidated financial statements.

30.1.4 Withholding tax

- (a) The period from the beginning of the activity till 30 November 2024:
 - The company regularly applies the withholding tax system and prepares form 41 according to the provisions of the law no. 91 for the year 2005 and the executive regulation implementing the law and the due tax is paid on the legal due dates till the date of the consolidated financial statements.

30.1.5 Value added tax (VAT)

- (a) The period from 8 September 2016 till 31 August 2022:
 - The company has been registered for the VAT since the beginning of the law no. 67 for the year 2016 and the company has regularly submitted the monthly tax returns on the legal due dates. The period mentioned above has been inspected with no outstanding claims or disputes related to the period.
- (b) The period from 1 September 2022 till 30 November 2024:
 - The company regularly submits the monthly tax returns on the legal due dates.

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

30.2 Nahda University

30.2.1 Income tax

- (a) The period from the beginning of the activity till 31 August 2020:
 - The university has been inspected by the Egyptian Tax Authority and all taxes have been paid.
- (b) The Period from 1 September 2020 till 31 August 2023:
 - Tax returns are regularly submitted on the legal due dates according to the income tax law no. 91 for the year 2005 and its amendments and the unified tax procedures law no. 206 for the year 2020.
- (c) The Period from 1 September 2023 till 30 November 2024:
 - Tax return for this period is currently under preparation and will be submitted before 31 December 2024, i.e. within the legal deadline.

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

30. Tax position (continued)

30.2 Nahda University (continued)

30.2.2 Salaries tax

- (a) The period from the beginning of the activity till year 2022:
 - Documentary examination was carried out with no outstanding claims or disputes related to the period.
- (b) The period from year 2023 till 30 November 2024:
 - The payroll tax is deducted monthly from the employees and regularly submitted to the Egyptian Tax Authority. The quarterly returns are submitted on the legal due dates and annual settlements are made in January of each year for the year ended 31 December.

30.2.3 Withholding tax

- (a) The period from the beginning of the activity till 30 November 2024:
 - The university regularly applies the withholding tax system and prepares form 41 according to the provisions of the law no. 91 for the year 2005 and the executive regulation implementing the law and the due tax is paid on the legal due dates till the date of the consolidated financial statements.

30.2.4 Stamp tax

- (a) The period from the beginning of the activity till 31 August 2020:
 - Documentary examination was carried out with no outstanding claims or disputes related to the period.
- (b) The period from 1 September 2020 till 30 November 2024:
 - Tax dues have been paid in accordance with Law No. 111 of 1980, amended by Law No. 143 of 2006, and the University is currently preparing for examination for this period.

30.2.5 Profit distribution tax

- (a) The period from year 2014 till 31 August 2018:
 - Taxes have been paid in full, the tax examination was conducted, and form 9 was issued after all dues on the university were settled.
- (b) The period from 1 September 2018 till 31 August 2023:
 - The University has paid the total tax due and is under preparation for inspection.
- (c) The period from 1 September 2023 till 30 November 2024:
 - The University will pay the tax due with the submission of the annual tax return before 31 December 2024.

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

30. Tax position (continued)

30.2 Nahda University (continued)

30.2.6 Value added tax (VAT)

- (a) Financial years from 2016 till 30 November 2020:
 - The university has been registered for the VAT since the beginning of the law no. 67 for the year 2016 and the university has regularly submitted the monthly tax returns on the legal due dates. The period mentioned above has been inspected with no outstanding claims or disputes related to the period.
- (b) The period from 1 December 2020 till 30 November 2024:
 - The company regularly submits the monthly tax returns on the legal due dates.

There are no disputes with tax authorities and no uncertain tax issues until the date of consolidated financial statements.

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

30.3.1 Income tax

- (a) The period from the beginning of the activity till 31 Aug 2023:
 - The company regularly submits the tax returns on the legal due dates and the company has not been notified with any examination request for income tax for the period mentioned above till the date of the consolidated financial statements.
- (b) The period from 1 September 2023 till 30 November 2024:
 - Tax return for this period is currently under preparation and will be submitted before 31 December 2024, i.e. within the legal deadline.

30.3.2 Salaries tax

- (a) The period from the beginning of the activity till 31 August 2023:
 - No tax inspection has been carried out since the date of the beginning of the activity till the date of the consolidated financial statements. However, the company has no employees until the date of the consolidated financial statements.
- (b) The period from 1 January 2024 till 30 November 2024:
 - Tax returns for the period are submitted within the legal deadline, and as of July 2024, the company has joined the new salaries and wages system, and monthly settlements have been submitted on a regular basis. However, the company has no employees until the date of the consolidated financial statements.

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

30. Tax position (continued)

30.3 Nahda University Company for Education and Management Services S.A.E. (continued)

30.3.3 Stamp tax

- (a) The period from the beginning of the activity till 31 August 2021:
 - Documentary examination was carried out with no outstanding claims or disputes related to the period.
- (b) The period from 1 September 2021 till 30 November 2024:
 - No activities subject to stamp tax were carried during the period. The Company has not been notified with any examination request for stamp tax for the period mentioned above till the date of the consolidated financial statements.

30.4 Nahda Education Company S.A.E.

30.4.1 Income tax

- (a) The period from the beginning of the activity till 31 August 2023:
 - Tax returns are regularly submitted on the legal due dates according to the income tax law no. 91 for the year 2005 and its amendments and the unified tax procedures law no. 206 for the year 2020.
- (b) The period from 1 September 2023 till 30 November 2024:
 - Tax return for this period is currently under preparation and will be submitted before 31 December 2024, i.e. within the legal deadline.

30.4.2 Payroll tax

- (a) The period from the beginning of the activity till 31 December 2023:
 - No wages or salaries have been disbursed, and no tax examination has been conducted yet.
- (b) The period from 1 January 2024 till 30 November 2024:
 - Tax returns for the period are submitted within the legal deadline, and as of July 2024, the company has joined the new salaries and wages system, and monthly settlements have been submitted on a regular basis. However, the company has no employees until the date of the consolidated financial statements.

30.4.3 Stamp tax

- (a) The period from the beginning of the activity till 31 August 2021:
 - The period mentioned above has been inspected and all tax inspection differences have been paid.
- (b) The period from 1 September 2021 till 30 November 2024:
 - No activities subject to stamp tax were carried during the period. The Company has not been notified with any examination request for stamp tax for the period mentioned above till the date of the consolidated financial statements.

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30. Tax position (continued)

30.5 Badya International University company for Education S.A.E.

30.5.1 Income tax

(a) The period from the beginning of the activity till 31 August 2023:

- Tax returns are regularly submitted on the legal due dates according to the income tax law no. 91 for the year 2005 and its amendments and the unified tax procedures law no. 206 for the year 2020.

(b) The period from 1 September 2023 till 30 November 2024:

- The Company is currently undergoing tax inspection for the above mentioned period.

30.5.2 Payroll tax

(a) The period from the beginning of the activity till 31 December 2023:

- The payroll tax is deducted monthly from the employees and regularly submitted to the Egyptian Tax Authority. The quarterly returns are submitted on the legal due dates and annual settlements are made in January of each year for the year ended 31 December according to the income tax law no. 91 for the year 2005 and its amendments and the unified tax procedures law no. 206 for the year 2020.

(b) The period from 1 January 2024 till 30 November 2024:

- Tax returns for the period are submitted within the legal deadline, and as of July 2024, the company has joined the new salaries and wages system, and monthly settlements have been submitted on a regular basis.

30.5.3 Stamp tax

(a) The period from the beginning of the activity till 30 November 2024:

- No activities subject to stamp tax were carried during the period. The Company has not been notified with any examination request for stamp tax for the period mentioned above till the date of the consolidated financial statements.

30.6 SB Investment Company S.A.E

30.6.1 Income Tax

(a) The period from inception till 31 December 2023:

- Tax returns are regularly submitted on the legal due dates according to the income tax law no. 91 for the year 2005 and its amendments and the unified tax procedures law no. 206 for the year 2020.

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30. Tax position (continued)

30.6 SB Investment Company S.A.E (continued)

30.6.2 Payroll Tax

- (a) The period from inception till 31 December 2023
 - No salary payments were made for this period and no tax inspections took place.
- (b) From 1 January 2024 till 30 November 2024
 - The company submits monthly tax reconciliations and submit form 4 quarterly in the legal due dates.

30.6.3 Stamp tax

- (a) The period from inception till 30 November 2024
 - No activities subject to stamp tax were carried during the period. The Company has not been notified with any examination request for stamp tax for the period mentioned above till the date of the consolidated financial statements.

30.6.4 Withholding tax

- (a) The period from inception till 30 November 2024
 - The company regularly applies the withholding tax system and prepares form 41 according to the provisions of the law no. 91 for the year 2005 and the executive regulation implementing the law and the due tax is paid on the legal due dates till the date of the consolidated financial statements.

31. Capital commitments

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

	30 November 2024	31 August 2024
Capital commitments*	272,100,639	402,056,639

- * The capital commitments on 30 November 2024 represent the contract to establish NUB University hospital, Fine arts & Architecture building, Badya University's phase one, and Memphis University's civil works for phase one.

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32. Changes in comparative figures

The group has amended comparative figures to reflect the consolidation of a subsidiary, SB Investment Company S.A.E. during the year ended 31 August 2023 due to management's assessment of having full control over SB Investment Company S.A.E. from the effective date of the shareholders agreement between Taaleem Management Services S.A.E. and the existing shareholders of SB Investment Company S.A.E. during the year ended 31 August 2023 as disclosed in Note (2). Previously the group had assessed that it only had significant influence but having reassessed the position in the current year the group identified contractual clauses that granted the group control despite holding only a 32% interest. Associated with this, the group also recognised a gross written put liability with respect to a potential obligation to acquire additional shares in this entity from the non-controlling interests. These changes in comparative figures also impact the previously issued quarterly financial statements during the financial year 2024.

The impact of the above-mentioned changes is as follows:

	Balance at 1 September 2023 as issued	Adjustments	Balance at 1 September 2023 adjusted
Interim consolidated statement of changes in equity			
Put option reserve	(481,548,501)	(129,789,390)	(611,337,891)
Non-controlling interest	85,561,394	625,413,742	710,975,136
	Balance at 30 November 2023 as issued	Adjustments	Balance at 30 November 2023 adjusted
Interim consolidated statement of changes in equity			
Put option reserve	(505,573,271)	(138,454,359)	(644,027,630)
Non-controlling interest	87,561,725	625,413,742	712,975,467
	Period ended 30 November 2023 as issued	Adjustments	Period ended 30 November 2023 adjusted
Interim consolidated statement of cash flows			
Cash flows from operating activities			
Debtors and other debit balances	(1,666,422)	(91,380,216)	(93,046,638)
Cash flows from investing activities			
Payments for purchase of fixed assets	(368,732,150)	31,502,016	(337,230,134)
Cash flows from financing activities			
Bank borrowings	239,410,303	(15,278,164)	224,132,139

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33. Significant events

The Prime Minister decided, by virtue of Resolution No. 3527 of 2024 which was published in the Official Gazette on October 23, 2024, to amend the provisions of some Egyptian accounting standards to include the following standard: Egyptian Accounting Standard No. 51 "Financial Statements in Hyperinflationary Economies". The standard must be applied to the financial statements, including the consolidated financial statements of any entity or establishment functional currency is in a hyperinflationary economy.

The date of application would be based on a declaration from the Prime Minister of Egypt.