

Taaleem Reports its H1 22/23 Results

Cairo, 13 April 2023, Taaleem Management Services announces its results for the H1 22/23 period ending 28 February 2023.

H1 22/23 Financial Highlights



AY 22/23 Operational Highlights



H1 22/23 Key Financial Highlights

- **Total revenue** came in at EGP 429mn, achieving a 28% YoY increase.
- **Gross profit** came in at EGP 314mn, a strong 34% YoY growth, with a gross profit margin of 73%, up by 304 bps YoY.
- **EBITDA**, adjusted for the reserves allocated to the Employee Stock Option Program (ESOP), recorded EGP 270mn, growing 32% YoY with a strong 63% margin.
- **Net income** reached EGP 192mn, up by 38% YoY, yielding a strong margin of 45%.
- **Net Cash** landed at EGP 170mn, down by 48% YoY.
- **CAPEX/revenue** reached 27%, mainly reflecting expenditures on NUB's university hospital and new faculties in the campus expansion.

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

"Our H1 22/23 results are an extension of the strong growth trend we established at the beginning of 2023 following NUB's healthy enrollment numbers, our expansion milestones, and our continued efforts to optimize our cost structure. I am, therefore, very proud to report that we booked a total revenue of EGP 429mn, a 28% YoY increase, and recorded a very strong adjusted EBITDA margin of 63% reflecting our revenue growth and cost efficiency. Our net profit during H1 22/23 landed at EGP 192mn with a 45% margin.

2023 is a year of on-ground growth, marking the initiation and progression of multiple growth milestones. We started the year by announcing our expansion plans in New Cairo, and now, during the

**H1 2023's EBITDA is adjusted for reserves allocated to the Employee Stock Option Program (ESOP).*

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second quarter of the year, we are thrilled with the Cabinet's approval of Badya University's file, which is pending only the Presidential decree to begin operating. In light of such important achievements, Taaleem's geographic footprint is expanding to East and West Cairo, fulfilling our mission of diversifying our geographic presence to serve a wider student base with customized value for money high-quality tertiary education.

Going forward, I expect Taaleem's growth momentum to continue to peak as our expansion efforts bear fruit, which will solidify the company's position as the leading provider of higher education services in Egypt."

Financial Performance Discussion

H1 22/23 - Income Statement Highlights

EGP mn	H1 2023	H1 2022	Δ % YoY
Revenue	429	334	28%
Operating Costs	(115)	(99)	15%
Gross Profit	314	235	34%
Gross Profit Margin	73%	70%	304bps
G&A Expenses	(79)	(62)	27%
EBITDA	267	205	30%
EBITDA Margin	62%	61%	83bps
Adjusted EBITDA	270	205	32%
Adjusted EBITDA Margin	63%	61%	151bps
Net Finance Income/(Cost)	12	7	83%
Tax Expense	(57)	(41)	38%
Net Profit	192	139	38%
Net Profit Margin	45%	42%	303bps

- **Total revenue** came in at EGP 429mn, +28% YoY, mainly on the 13% YoY increase in NUB's student base, reaching 6,913 students. The growth was also attributable to the difference in revenue recognition days, as 100% of semester 1 and 16% of semester 2 of AY 22/23 were recognized in H1 22/23 while 100% of semester 1 and 10% of semester 2 of AY 21/22 in addition to 47% of 2021's summer semester were included in H1 21/22. The higher percentage of revenue recognized in the second semester of AY 22/23 overshadowed the revenue recognized from 2021's summer semester. Normalized revenue grew 24% YoY.
- **Operating cost** rose 15% YoY, coming in at EGP 115mn mainly on the 18% YoY growth in salaries and wages, which recorded a Salaries/Sales ratio of 10% slightly lower than last year's 11%.
- **G&A** came in at EGP 79mn, growing 27% YoY. Normalizing for the ESOP reserve booked in H1 22/23, G&A grew 22% YoY. The growth in G&A is primarily owed to the 19% YoY rise in non-academic salaries and wages, which recorded a lower Salaries/Sales of 6% compared to the preceding year's 7%, followed by the almost doubled professional fees due to the EGP devaluation and one-off expenses related to the new acquisition and new projects.
- **EBITDA** recorded EGP 267mn, growing 30% YoY with a strong 62% margin. Excluding the ESOP reserve, adjusted EBITDA would have grown by 32% YoY with a 63% margin.
- **Net income** landed at EGP 192mn, reporting a 38% YoY growth and a strong 45% margin.
- **Net Cash** came in at EGP 170mn, with total cash reaching EGP 491mn, of which EGP 322mn is made up of debt to finance Taaleem's expansion.
- **CAPEX** reached EGP 117mn, 73% higher than H1 2021/22, recording a CAPEX/revenue ratio of 27%. 93% of Taaleem's CAPEX for the period was disbursed on growth initiatives, including the university hospital and the new faculties of Arts and Architecture.

Q2 22/23 - Income Statement Highlights

EGP mn	Q2 2023	Q2 2022	Δ % YoY
Revenue	199	162	23%
Operating Costs	(59)	(49)	20%
Gross Profit	140	113	24%
Gross Profit Margin	70%	70%	66bps
G&A Expenses	(39)	(30)	30%
EBITDA	117	100	18%
EBITDA Margin	59%	61%	(246)bps
Adjusted EBITDA	118	100	18%
Adjusted EBITDA Margin	59%	61%	(206)bps
Net Finance Income/(Cost)	8	4	131%
Tax Expense	(26)	(20)	32%
Net Profit	84	68	24%
Net Profit Margin	42%	42%	61bps

- **Total revenue** came in at EGP 199mn, +23% YoY, primarily due to the 13% YoY increase in NUB's student base, including those enrolled in the newly launched Faculty of Arts, reaching 6,913 students.
- **Operating cost** reached EGP 59mn, growing 20% YoY mainly on the 24% YoY growth in salaries and wages, which recorded an unchanged Salaries/Sales ratio of 12% during Q2 22/23 compared to the preceding year.
- **G&A** came in at EGP 39mn, growing 30% YoY. Normalizing for the ESOP reserve booked in Q2 22/23, G&A grew 27% YoY. The growth in G&A is primarily owed to the 24% YoY rise in non-academic salaries and wages, which recorded an unchanged Salaries/Sales of 7% compared to the preceding year. This was followed by the doubled professional fees due to the EGP devaluation and one-off expenses related to the new acquisition and new projects.
- **EBITDA** recorded EGP 117mn, growing 18% YoY with a healthy 59% margin.
- **Net income** landed at EGP 84mn, reporting a 24% YoY growth and a strong 42% margin.
- **CAPEX** reached EGP 56mn, 6% lower than the preceding year with a CAPEX/revenue ratio of 28%.

H1 22/23 - Balance Sheet Highlights

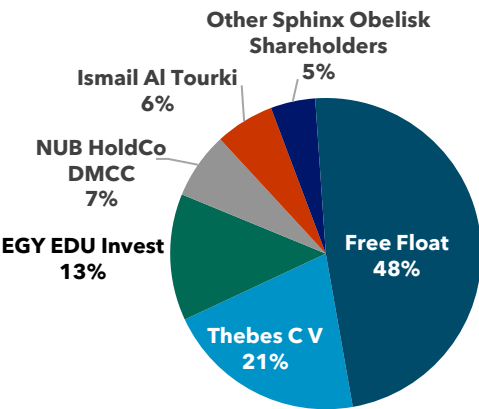
EGP mn	H1 2023	H1 2022	Δ % YoY
Total Assets	2,277	1,799	27%
Current Assets	585	402	45%
Non-current Assets	1,692	1,397	21%
Total Liabilities	773	553	40%
Current Liabilities	302	385	-22%
Non-current Liabilities	471	168	180%
Total Equity	1,504	1,246	21%
Total Liabilities & Equity	2,277	1,799	27%

H1 22/23 - Cash Flow Highlights

EGP mn	H1 2023	H1 2022	Δ % YoY
Cash Flow from Operations	201	321	-37%
Cash Flow from Investing Activities	(103)	(57)	80%
Cash Flow from Financing Activities	287	(33)	-981%
Net Changes in Cash & Cash Equivalents During the Period	385	231	66%
Cash & Cash Equivalents at the Beginning of the Period	107	92	16%
Cash & Cash Equivalents at the End of the Period	491	324	52%

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Shareholder Structure
As of March 30, 2023



Share Information

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

About Taaleem Management Services

Established in 2015, Taaleem is one of Egypt's leading providers of higher education services and is the tertiary education sector's only pure play firm. The company operates a platform-based model designed to be sustainably scalable across multiple assets. Taaleem's platform enables it to centralize supporting functions, generate synergies, and exploit economies of scale, allowing its academic institutions to focus on providing accessible, high-quality education that equips students with the skills needed to secure thriving professional careers. Taaleem's platform-based model has demonstrated its ability to create sustainable value with its success at Nahda University in Beni Suf (NUB), the company's first asset. Strategically located in

Egypt's most populous region, NUB is Upper Egypt's first and largest private university, catering to highly underpenetrated regional market and providing students with access to high-quality education and skill-based learning at competitive price points. Taaleem's second institution, Badya University, is located in West Cairo and is currently under development. Badya University is being developed in partnership with Palm Hills, one of Egypt's leading real estate developers. Taaleem is constantly exploring new opportunities for sustainable growth, whether through mergers and acquisitions or greenfield projects, with an eye to extending its long record of successes.

Learn more at: www.taaleem.me

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Forward-Looking Statements

This document has been prepared by Taaleem Management Services and contains certain forward-looking statements that reflect the current views of the Company's management, which have not been independently verified. They are based on the assumptions of the Management and involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in this document.

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