

Taaleem Reports its Q1 23/24 Results

Cairo, 15 January 2024, Taaleem Management Services announces its results for the Q1 23/24 period ending 30 November 2023.

Q1 23/24 Financial Highlights



AY 23/24 Operational Highlights



Q1 23/24 Key Financial Highlights

- **Total revenue** reached EGP 392mn, achieving a substantial growth of 71% YoY. Normalizing for the difference in revenue days recognized between Q1 2024 and Q1 2023, Q1 2024 revenue increased by 56% YoY.
- **Gross profit** came in at EGP 322mn, recording an 85% YoY growth and a gross profit margin of 82%, up by 646 bps YoY.
- **EBITDA** recorded EGP 286mn, achieving a robust 91% YoY growth with an outstanding 73% margin.
- **Net income** reached EGP 221mn, up by 104% YoY, yielding a remarkable margin of 56%.
- **Cash & cash equivalents** amounted to EGP 440mn, while total debts stood at EGP 829mn, reflecting a net debt position of EGP 389mn in line with Taaleem's growth and capital structure optimization plans.
- **CAPEX** totaled EGP 369mn, reflecting the development of phase one of Badya University and NUB's new faculties and University Hospital in the campus expansion.

Latest Developments

- **September 10, 2023:** Taaleem signed a construction contract with El-Hazek Construction for its third higher education institution, Memphis University in East Cairo, marking the commencement of phase one of its development.
- **October 26, 2023:** Taaleem announced that the enrollment process for the academic year of 2023/24 at NUB progressed strongly. The number of registered students has increased NUB's student base by 33% to reach 9,213 students. The number of students enrolled in NUB's four medical faculties experienced a significant growth of 37% YoY, from 4,427 to 6,061. Additionally, the Computer Science Faculty's new intake quota has increased from 200 to 450 students.

- **December 25, 2023:** Taaleem announced that Badya University signed an agreement with the University of Texas Medical Branch (UTMB). UTMB is a prominent academic health science center located in Galveston, Texas. Under this agreement, Badya University and UTMB will explore various avenues of collaboration, including reciprocal exchange programs for students and faculty, collaborative research projects, the exchange of publications, reports, and other academic information, as well as collaborative professional development initiatives.

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

"I am delighted to announce that Taaleem has achieved exceptional results in the latest quarter, signaling a robust start to the fiscal year and underscoring our unwavering commitment to financial and operational excellence.

In terms of financial performance, we have delivered a remarkable set of results for Q1 23/24, showcasing substantial revenue growth. Taaleem has reported a total revenue of EGP 392 million, representing an impressive 71% YoY increase. Our commendable EBITDA margin of 73% is a testament to cost efficiencies and sustained revenue growth. During the quarter, our net profit reached EGP 221 million, boasting a robust 56% margin.

The outstanding financial performance is mainly attributed to the solid increase in enrollment at NUB, leading to a remarkable 33% YoY growth in the student base. The revenue mix has been positively impacted by a substantial rise in students enrolled in our medical programs, boasting an impressive 37% YoY increase. Responding to heightened demand, we have significantly increased the intake quota for the Computer Science Faculty from 200 to 450 students, demonstrating substantial capacity growth. As part of NUB's strategic growth plan, the Faculty of Architecture is set to launch in the academic year 2024/25. Looking ahead, we anticipate the launch of NUB's new faculties of Nursing and Medical Sciences in the coming years, upon completion of their licensing process and development. These additions will complement the university's medical cluster, fostering a multidisciplinary and collaborative learning environment. NUB's new hospital is in its final stages of development, equipped with state-of-the-art facilities, and is poised for full launch this year.

After the issuance of its presidential decree in the preceding year, Badya University construction is progressing on schedule, bringing us closer to our anticipated September 2024 opening. We are eager to embark on this transformative journey alongside our future students. In terms of academic partnerships, Badya University has entered into an affiliation agreement with Texas University Medical Branch, facilitating collaboration in student and faculty exchange programs, joint research initiatives, the exchange of academic information, and collaborative professional development opportunities. This strategic partnership reflects our commitment to enriching the academic experience and fostering a dynamic, globally-oriented educational environment at Badya University.

Regarding our plans for Memphis University in East Cairo, licensing is pending cabinet approval and the issuance of the presidential decree. On the development front, Phase One construction is in progress, and further details about its launch plan will be shared in due course.

As we look ahead, we are enthusiastic about the opportunities that await us. Our commitment to delivering high-quality education remains unwavering, and we are dedicated to making a positive impact on the lives of our students."

Financial Performance Discussion

Q1 23/24 - Income Statement Highlights

EGP mn	Q1 2023	Q1 2024	Δ % YoY
Revenue	230	392	71%
Operating Costs	(56)	(70)	25%
Gross Profit	174	322	85%
Gross Profit Margin	76%	82%	646 bps
G&A Expenses	(40)	(53)	33%
EBITDA	150	286	91%
EBITDA Margin	65%	73%	791 bps
Adjusted EBITDA*	152	288	90%
Adjusted EBITDA Margin	66%	73%	740 bps
Net Finance Income/(Cost)	4	15	258%
Tax Expense	(31)	(65)	108%
Net Profit	108	221	104%
Net Profit Margin	47%	56%	933 bps

*EBITDA is adjusted for EGP 2.3mn ESOP expense and EGP 0.7mn proceeds from the sale of assets in Q1 2024 and for EGP 2.1mn ESOP expense in Q1 2023.

- **Total revenue** recorded EGP 392mn, achieving a 71% YoY increase. Normalizing for the difference in revenue days recognized between Q1 2024 and Q1 2023, revenue increased by 56% YoY on the back of a 33% YoY increase in the student body, along with the increase in the average revenue per student by 17% YoY (12% annualized).
- **Operating cost** for the period recorded EGP 70mn, up by 25% YoY, mainly coming from the rise in salaries and wages by 30% YoY, reflecting the annual salary raise and the cost of new hires to accommodate the increase in students, while recording a salaries/sales ratio of 7%, lower than the preceding year's 9%. The increase in operating cost is also attributed to the rise in educational activities expenses by 38% YoY, driven by the increase in the number of students, in addition to the exchange rate impact on educational cost items (laboratory materials and affiliation payments).
- **G&A** grew 33% YoY, totaling EGP 53mn. Adjusting for the ESOP expense and other non-recurring items, G&A grew 36% YoY. The growth in G&A is primarily owed to a 35% YoY increase in non-academic salaries and wages, recording a lower Salaries/Sales ratio of 4% compared to the preceding year's 6%, followed by the professional fees increase of 68% YoY due to the EGP devaluation and additional services related to Taaleem's M&A and new projects.
- **EBITDA** reached EGP 286mn, growing 91% YoY with a strong 73% margin. Excluding the ESOP expense and non-recurring items, adjusted EBITDA grew by 90% YoY with a 73% margin. Normalizing for the difference in revenue recognition days, normalized EBITDA grew by 66% YoY.
- **Net income** landed at EGP 221mn, marking a significant 104% YoY increase and a robust 56% margin.
- **CAPEX** reached EGP369mn, with 22% allocated to NUB and 78% for Badya's Phase One. During this period, 97% of Taaleem's CAPEX was disbursed on growth initiatives, including Phase one of Badya University, NUB's University Hospital, and the new faculties of Arts and Architecture.

Q1 23/24 - Balance Sheet Highlights

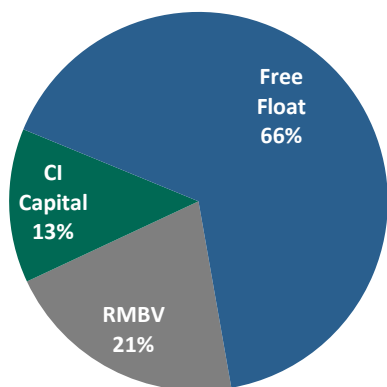
EGP mn	Q1 2023	Q1 2024	Δ % YoY
Total Assets	1,946	3,582	84%
Current Assets	302	497	64%
Non-current Assets	1,644	3,085	88%
Total Liabilities	511	2,206	332%
Current Liabilities	365	685	88%
Non-current Liabilities	146	1,521	944%
Total Equity	1,435	1,376	-4%
Total Liabilities & Equity	1,946	3,582	84%

Q1 23/24 - Cash Flow Highlights

EGP mn	Q1 2023	Q1 2024	Δ % YoY
Cash Flow from Operations	164	154	-6%
Cash Flow from Investing Activities	(56)	(352)	534%
Cash Flow from Financing Activities	(15)	209	-1530%
Net Changes in Cash & Cash Equivalents During the Period	94	11	-89%
Cash & Cash Equivalents at the Beginning of the Period	107	429	302%
Cash & Cash Equivalents at the End of the Period	201	440	119%

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**Shareholder Structure
As of December 31, 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 Suef (NUB), the company’s first asset.

Strategically located in Egypt’s most populous region, NUB is Upper Egypt’s first and largest private university, catering to a 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 completed the acquisition of its third institution, Memphis University, an under-development university in East Cairo. 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

**INVESTOR
RELATIONS**

Ahmed Zayed
Head of Investor Relations
Email: IR@taaleem.me

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. Such statements 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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