

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E.

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

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E.

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

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Limited review report on the interim separate financial statements

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

Introduction

We have conducted a limited review for the accompanying interim separate statement of financial position of Taaleem Management Services S.A.E. (the "Company") as of 30 November 2024 and the related interim separate 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 separate financial statements in accordance with Egyptian Accounting Standards, and our responsibility is limited to expressing a conclusion on these interim separate 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 separate financial statements.

Conclusion

In light of our limited review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements do not present fairly, in all material respects, the financial position of the Company as of 30 November 2024, and its financial performance, and its cash flows for the three-month period then ended in accordance with Egyptian Accounting Standards.


Hisham Mohamed Hamed
R.A.A. 89441
F.R.A. 422

16 January 2025
Cairo

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E.

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

(All amounts in Egyptian Pounds)	<u>Note</u>	<u>30 November 2024</u>	<u>31 August 2024</u>
Assets			
Non-current assets			
Fixed assets	5	11,439,014	11,557,847
Investments in subsidiaries	6	1,585,418,290	1,465,418,290
Right of use assets	10	11,449,539	12,150,531
Deferred tax assets	14	3,788,706	3,788,706
Total non-current assets		<u>1,612,095,549</u>	<u>1,492,915,374</u>
Current assets			
Debtors and other debit balances	7	22,504,551	13,600,110
Due from related parties	8/A	8,112,099	8,097,432
Cash and cash equivalents	9	144,097,887	13,101,802
Total current assets		<u>174,714,537</u>	<u>34,799,344</u>
Total assets		<u>1,786,810,086</u>	<u>1,527,714,718</u>
Equity and liabilities			
Equity			
Paid-up capital	11	730,250,000	730,250,000
Reserves	12	21,144,480	10,256,045
Retained earnings		328,369,149	333,149,734
Total equity		<u>1,079,763,629</u>	<u>1,073,655,779</u>
Liabilities			
Non-current liabilities			
Lease liabilities	15	14,139,005	14,882,740
Total non-current liabilities		<u>14,139,005</u>	<u>14,882,740</u>
Current liabilities			
Creditors and other credit balances	16	54,336,661	20,755,118
Lease liabilities	15	2,830,728	2,659,374
Due to related parties	8/B	529,950,852	335,660,872
Current income tax liabilities	17	85,326,070	67,528,143
Employee stock ownership plan	13	20,463,141	12,572,692
Total current liabilities		<u>692,907,452</u>	<u>439,176,199</u>
Total liabilities		<u>707,046,457</u>	<u>454,058,939</u>
Total liabilities and equity		<u>1,786,810,086</u>	<u>1,527,714,718</u>

- The accompanying notes on pages 7 – 39 form an integral part of these interim separate 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.

**Interim separate statement of profit or loss
For the three-month period ended 30 November 2024**

(All amounts in Egyptian Pounds)

	<u>Note</u>	<u>30 November 2024</u>	<u>30 November 2023</u>
Management fees		101,012,488	64,295,181
Salaries		(12,485,702)	(8,705,676)
Board remuneration		(1,210,000)	(1,310,000)
Professional fees		(5,956,732)	(4,270,590)
Employee stock ownership plan expense	13	(7,890,449)	(2,326,712)
Other expenses	18	(1,906,370)	(2,407,533)
Right of use assets depreciation	10	(700,992)	(700,992)
Depreciation expense	5	(901,845)	(628,800)
Comprehensive medical expense		(252,634)	(160,841)
Finance income	19/A	449,584	234,412
Finance cost	19/B	(444,833)	(498,062)
Other income		36,300	111,948
Profit before tax		69,748,815	43,632,335
Income tax expense	20	(17,797,927)	(10,668,975)
Profit for the period		51,950,888	32,963,360
Earnings per share	21	0.064	0.041

- ☐ The accompanying notes on pages 7 – 39 form an integral part of these interim separate financial statements.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E.

**Interim separate 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	51,950,888	32,963,360
Other comprehensive income	-	-
Total comprehensive income for the period	51,950,888	32,963,360

- The accompanying notes on pages 7 – 39 form an integral part of these interim separate financial statements.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E.

**Interim separate statement of changes in equity
For the three-month period ended 30 November 2024**

(All amounts in Egyptian Pounds)	Paid-up capital	Reserves	Retained earnings	Total
Balance at 1 September 2023	730,250,000	10,623,911	145,262,661	886,136,572
Transfer to legal reserve	-	3,373,856	(3,373,856)	-
Employee stock ownership plan	-	2,326,712	-	2,326,712
Profit share distribution to board members and employees	-	-	(26,507,775)	(26,507,775)
Total comprehensive income for the period	-	-	32,963,360	32,963,360
Balance at 30 November 2023	730,250,000	16,324,479	148,344,390	894,918,869
Balance at 1 September 2024	730,250,000	10,256,045	333,149,734	1,073,655,779
Transfer to legal reserve	-	10,888,435	(10,888,435)	-
Profit share distribution to board members and employees	-	-	(45,843,038)	(45,843,038)
Total comprehensive income for the period	-	-	51,950,888	51,950,888
Balance at 30 November 2024	730,250,000	21,144,480	328,369,149	1,079,763,629

- The accompanying notes on pages 7 – 39 form an integral part of these interim separate financial statements.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E.

**Interim separate statement of cash flows
For the three-month period ended 30 November 2024**

(All amounts in Egyptian Pounds)

	<u>Note</u>	<u>30 November 2024</u>	<u>30 November 2023</u>
Cash flows from operating activities			
Profit for the period before tax		69,748,815	43,632,335
Adjustments for:			
Fixed assets depreciation	5	901,845	628,800
Right of use assets depreciation	10	700,992	700,992
Interest income	19	(446,928)	(234,412)
Interest expense – lease	15	444,833	498,062
Employee stock ownership plan expense	13	7,890,449	2,326,712
Operating profit before changes in operating assets and liabilities		79,240,006	47,552,489
Changes in operating assets and liabilities			
Debtors and other debit balances		(8,904,441)	4,686,775
Due from related parties		(14,667)	(13,332)
Due to related parties		194,289,980	10,907,380
Creditors and other credit balances		(10,179,830)	814,398
Net cash flows generated from operating activities		254,431,048	63,947,710
Cash flows from investing activities			
Payments for purchase of fixed assets	5	(783,012)	(1,600,000)
Interest collected	19	446,928	234,412
Investments in subsidiaries	6	(120,000,000)	(30,000,000)
Net cash flows used in investing activities		(120,336,084)	(31,365,588)
Cash flows from financing activities			
Profit share distribution to board members and employees		(2,081,665)	(26,507,775)
Lease payments	15	(1,017,214)	(924,743)
Net cash flows used in financing activities		(3,098,879)	(27,432,518)
Net change in cash and cash equivalents		130,996,085	5,149,604
Cash and cash equivalents at the beginning of the period	9	13,101,802	1,718,506
Cash and cash equivalents at the end of the period		144,097,887	6,868,110

- Refer to note (9) for the non-cash transactions.

- The accompanying notes on pages 7 – 39 form an integral part of these interim separate financial statements.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E

Notes to the interim separate 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 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 separate 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 interim separate financial statements after their issuance.

2. Accounting policies

The principal accounting policies applied in the preparation of the interim separate financial statements are summarized 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

**Notes to the interim separate 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

**Notes to the interim separate 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
<p>Egyptian Accounting Standard No. (17) "The interim Separate financial statements"</p>	<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>	<p>The standard has no impact on the financial statements.</p>	<p>Applies to financial periods beginning on or after September 1, 2024.</p>

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E

**Notes to the interim separate 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
<p>Egyptian Accounting Standard No. (34) "Investment in properties"</p>	<p>"Disclosures" Some new disclosures have been added.</p> <p>"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.</p> <p>"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.</p> <p>"Disclosures" Some new disclosures have been added.</p>	<p>The standard has no impact on the financial statements.</p>	<p>Applies to financial periods beginning on or after September 1, 2024.</p>

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E

Notes to the interim separate 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 separate financial statements

These interim separate financial statements have been prepared in accordance with Egyptian Accounting Standards and the relevant laws, and based on the historical cost convention, except for the employee stock ownership plan liability that has been measured at fair value.

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

The Company has prepared the interim consolidated financial statements of the Company and its subsidiaries under the Egyptian Accounting Standards. The interim consolidated financial statements are available from the Company's management and issued and approved by the board of directors on 16 January 2025. Investments in subsidiaries are presented in these interim separate financial statements and accounted for at cost method.

2.3 Foreign currency transaction

(a) Functional and presentation currency

The functional currency of the entity is the currency of the primary economic environment in which the Company operates "the functional currency". The interim separate financial statements are presented in Egyptian Pounds, which is the Company'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 Company 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 Company 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

Notes to the interim separate 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)

2.4 Fixed assets

The Company 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 Company.

The Company 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 Company and the cost of the item can be measured reliably. The Company 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 Company recognises the costs of daily servicing of the fixed assets in the interim separate 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:

Vehicles	4 – 5 years
Electrical devices	4 years
Furniture and office equipment	4 years
Computers	4 years

The Company 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 interim separate 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 interim separate statement of profit and loss "Other expenses - income".

2.5 Investments in subsidiaries

Investments in subsidiaries are accounted for in the interim separate financial statements by using the cost method of accounting. The Cost method require recognition of investment at cost and recording of investment income to the extent of dividends distribution received from investee. The subsidiaries are entities controlled by the Company, a subsidiary is separate when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E

Notes to the interim separate 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

Accounting policies according to the Egyptian Accounting Standard No. (47) "Financial Instruments"

(i) Classification

The company classifies financial assets in the following measurement categories:

- Assets measured at fair value (either through other comprehensive income or through profit or loss); or
- Asset measured at amortized cost. Financial assets at amortized cost consists of debtors and other debit balances.

The classification depends on the Company'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 interim separate statement of profit or loss or the interim separate statement of comprehensive income. As for the investments in equity instruments not held for trading, it depends on whether the Company 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 Company'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 company 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 company has transferred substantially all the risks and rewards of ownership.

(iii) Subsequent measurement

At initial recognition, the company 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 Company'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 Company'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 interim separate profit or loss statements as other income/loss in addition to the foreign exchange gains or losses as other income/loss. Impairment expense is presented as a separate line item in the statement of profit or loss.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E

Notes to the interim separate 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 interim separate statement of other comprehensive income, with the exception of recognizing impairment gains or losses, interest income and foreign exchange gains and losses recognized in the interim separate statement of profit or loss.
- On the financial asset derecognition, retained earnings/losses -previously recognized in the statement of other comprehensive income- from the statement of equity to the 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 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 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 Company 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 Company applies the simplified approach for ECL debtors and the other debit balances and due from related parties. The Company uses a provision matrix in the calculation of the ECL on debtors and the other debit balances 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 Company 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 separate statement of comprehensive income.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E

Notes to the interim separate 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 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.

2.9 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 impairment.

The carrying amount of the asset is reduced using an impairment account and the amount of the expected credit loss is recognised in the interim separate statement of profit or loss when a debtor and other debit balance is uncollectible, it is written off against the expected credit losses for debtors and other debit balances. Subsequent recoveries of amounts previously written off are credited to the profit or loss.

2.10 Cash and cash equivalents

In the interim separate 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 Capital

Ordinary shares

Ordinary shares are classified within equity.

2.12 Leases

The Company rents buildings as a lessee, which are used in the Company'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 Company has recognized right of use assets and lease liabilities related to these contracts.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E

Notes to the interim separate 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)

2.12 Leases (continued)

Initial measurement (Right of use assets):

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

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

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

Subsequent measurement (Right of use assets):

After the date of commencement of the lease, the "Right of use" principle is measured at cost, where it is measured at cost:

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

Initial measurement (Lease liabilities):

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

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,
- (c) 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.

2.13 Employees' benefits

Profit-sharing

According to Companies law, employees are entitled to 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 company's board of directors and subject to approval by the general assembly of shareholders. Profit sharing is recognised as a dividend distribution through equity and as a liability when approved by the Company's shareholders.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E

Notes to the interim separate 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 Employees' benefits (continued)

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.

Employees 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:

- (a) Each beneficiary is granted units that are considered the basis on which allocated shares are calculated.
- (b) The supervisory committee determines the date of the grant.
- (c) 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.
- (d) 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.

- (a) Starting from April 2021, the number of units allocated to the scheme is 83,978,750 units to be allocated over five years for 16,795,750 units per year.
- (b) The company recognizes the cost related to the services performed by the employees participating in the scheme over the period of performing the service. The company recognizes the obligations related to the scheme at the date of each financial position according to the fair value of the consideration expected to be paid to employees on the date of grant. The fair value of these obligations is estimated at the date of the financial position by taking into consideration all the circumstances related to the cash flows expected to be paid discounted at the market rate of return.

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

During the period, the total employee stock ownership plan expenses amounted to EGP 7,890,449 (30 November 2023: EGP 2,326,712).

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E

Notes to the interim separate 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 Segments reporting

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

2.15 Current and deferred income tax

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

Deferred tax is determined using tax rates and laws that have been enacted at the date of the interim separate 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 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 Company and it is probable that the temporary differences will not be settled in the foreseeable future. Generally, the Company is unable to control the settlement of the temporary difference for associates, only where there is an agreement in place that gives the Company 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 Company 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

Notes to the interim separate 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)

2.16 Provisions

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

2.17 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 invoices 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 the interest rate of similar term loans. Trade payables are then carried at amortised cost using the effective interest rate.

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

(1) Management fees

Revenue from management fees is recognized throughout the period of rendering the services.

(2) Interest income

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

(3) Dividend income

Dividend income is recognised when the right to receive the payment is established.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E

Notes to the interim separate 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)

2.19 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:

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

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

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

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

The Company 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.

2.20 Dividends

Dividends are recognised as liabilities in the interim separate financial statements upon the approval of the Company'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.

3. Financial risk management

3.1 Financial risks factors

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

The Company's management aims to minimise the potential adverse effects on the Company's financial performance. The Company 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.

At the end of the period, the Company does not have any material monetary assets and liabilities in foreign currency.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E

Notes to the interim separate 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 Company is exposed to interest rate risk on all interest bearing assets and liabilities represented by treasury bills. The Company maintains an appropriate mix of fixed rate and variable rate borrowings to manage the interest rate risk. The impact on profit for the three months period ended 30 November 2024 (30 November 2023) is not material.

(b) Credit risk

Credit risk arises from cash and cash equivalents and due from related parties.

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

Balances exposed to credit risks are as follows:

	<u>30 November 2024</u>	<u>31 August 2024</u>
Cash and cash equivalents	144,097,887	13,101,802
Due from related parties	8,112,099	8,097,432
	<u>152,209,986</u>	<u>21,199,234</u>

(c) Liquidity risk

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

The management makes cash flow projections on periodic basis and takes the necessary actions in order to ensure sufficient cash is maintained to discharge the Company's liabilities.

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

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E

Notes to the interim separate 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 table below summarises the maturities of the Company 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	Total
30 November 2024					
Lease liabilities	2,203,970	2,237,877	4,886,031	11,783,168	21,111,046
Creditors and other credit balances	54,336,661	-	-	-	54,336,661
Due to related parties	202,024,976	327,925,876	-	-	529,950,852
Total	258,565,607	330,163,753	4,886,031	11,783,168	605,398,559
31 August 2024					
Lease liabilities	2,102,248	2,237,877	4,774,137	13,014,000	22,128,262
Creditors and other credit balances	20,755,118	-	-	-	20,755,118
Due to related parties	202,024,976	133,635,896	-	-	335,660,872
Total	224,882,342	135,873,773	4,774,137	13,014,000	378,544,252

3.2 Capital risk management

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

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce the Company's debts. The Company's management monitors the capital structure using the ratio of net debt to total capital. Net debt is the total of the due to related parties, lease liabilities and creditors and other credit balances less cash and cash equivalents. The total capital is the Company's total equity as described in the interim separate statement of financial position plus net debt.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E

Notes to the interim separate 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		
Due to related parties	529,950,852	335,660,872
Lease liabilities	16,969,733	17,542,114
Creditors and other credit balances	54,336,661	20,755,118
Less: Cash and cash equivalents	(144,097,887)	(13,101,802)
Net debt	457,159,359	360,856,302
Total equity	1,079,763,629	1,073,655,779
Total capital	1,536,922,988	1,434,512,081
Net debt to total capital ratio	30%	25%

3.3 Fair value estimation

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

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 Company's accounting policies does not require management to use professional judgments that may have significant impacts on the amounts recognised in the interim separate financial statements.

4.2 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 Company. 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.

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E

Notes to the interim separate 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)

4.3 Impairment of financial assets

Expected credit losses for financial assets are based on assumptions about the risk of default and expected loss rates. The Company uses a range of significant judgments in making these assumptions and selecting the inputs to the impairment calculation, based on the Company'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.

4.4 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).

TAALEEM MANAGEMENT SERVICES COMPANY S.A.E.

Notes to the interim separate 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

	Vehicles	Electrical devices	Furniture and office equipment	Computers	Projects under construction	Total
Year ended 31 August 2024						
Opening net book value	267,085	25,027	4,727,211	351,399	-	5,370,722
Additions	6,215,260	67,845	167,534	171,407	2,807,522	9,429,568
Depreciation expense	(1,240,143)	(17,634)	(1,755,943)	(228,723)	-	(3,242,443)
Net book value	5,242,202	75,238	3,138,802	294,083	2,807,522	11,557,847
At 31 August 2024						
Cost	9,086,060	505,302	8,225,787	1,815,547	2,807,522	22,440,218
Accumulated depreciation	(3,843,858)	(430,064)	(5,086,985)	(1,521,464)	-	(10,882,371)
Net book value	5,242,202	75,238	3,138,802	294,083	2,807,522	11,557,847
Period ended 30 November 2024						
Opening net book value	5,242,202	75,238	3,138,802	294,083	2,807,522	11,557,847
Additions	-	81,131	-	-	701,881	783,012
Depreciation expense	(388,454)	(11,323)	(443,643)	(58,425)	-	(901,845)
Net book value	4,853,748	145,046	2,695,159	235,658	3,509,403	11,439,014
At 30 November 2024						
Cost	9,086,060	586,433	8,225,787	1,815,547	3,509,403	23,223,230
Accumulated depreciation	(4,232,312)	(441,387)	(5,530,628)	(1,579,889)	-	(11,784,216)
Net book value	4,853,748	145,046	2,695,159	235,658	3,509,403	11,439,014

The company does not have fixed assets that are temporary idle or discontinued.

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

Notes to the interim separate 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. Investments in subsidiaries

<u>Company</u>	<u>Country of incorporation</u>	<u>Share %</u>	<u>30 November 2024</u>	<u>31 August 2024</u>
Nahda University LP & Nahda University	Egypt	98.9%	730,263,466	730,263,466
Nahda University for Education and Management Services Company S.A.E.	Egypt	99.9%	249,978	249,978
Nahda Education Company S.A.E.	Egypt	99.9%	12,000,000	12,000,000
Badya International University company for Education S.A.E.	Egypt	60%	480,000,000	360,000,000
SB Investment Company S.A.E.	Egypt	32%	362,904,846	362,904,846
			<u>1,585,418,290</u>	<u>1,465,418,290</u>

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 general assembly 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 parent 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 Company 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 for Education and Management Services Company S.A.E (the New Founder).

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

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

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

Notes to the interim separate 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. Investments in subsidiaries (continued)

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

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 Company S.A.E. ownership in Nahda LP became 98.91%.

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

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

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

Badya International University company for Education S.A.E. (previously, Egyptian International Higher 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, previously, Egyptian International Higher 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%.

The Company controls the established entity starting from the date of the presidential decree issued on 12 August 2023 to establish a private university under the name "Badya University".

The extraordinary general assembly meeting held on 20 May 2024 decided to change the Company's name from Egyptian International Higher Education S.A.E. to Badya International University company for Education S.A.E.

The increase in investment in Badya International University company for Education S.A.E, previously, Egyptian International Higher Education S.A.E of EGP 120,000,000 was paid during the financial period ended 30 November 2024 to complete the subsidiary's issued capital as per the board meetings held on 1 October 2024 and 14 November 2024 respectively.

The signed shareholders agreement includes two exercisable put options granted by "Taaleem for Management Services" (shareholder-60% ownership)" to "Palm Hills for Education" (shareholder-40% ownership) to be exercised on specific future dates which give "Palm Hills" the option to sell its shares in the jointly incorporated company "Badya International University company for Education S.A.E, previously, Egyptian International Higher Education S.A.E." (The investee) to "Taaleem" in exchange for specific consideration which is either the strike price mentioned for options 1 or 2 in the shareholders agreement.

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

Notes to the interim separate 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. Investments in subsidiaries (continued)

Badya International University company for Education S.A.E. (previously, Egyptian International Higher Education S.A.E.) (continued)

The strike price for the first put option is calculated as the average of both 10x the EBITDA of Badya International University company for Education S.A.E, previously, Egyptian International Higher Education S.A.E. and the fair value of its shares exercisable at any time within the put option period which is 36 months commencing after the lapse of 24 months from the date the University commences accepting student admissions.

The strike price for the second put option shall be the entire value of the land of the currently under construction university "Badya University" exercisable on 31 August 2028.

The Company would recognize any put option liability for the variance between the option's exercise price and the fair value of the shares subject matter to the option. The management has assessed the impact of granting the put options on the interim separate financial statements and no adjustments were needed since the option price is directly linked to the fair value of the shares subject to the put option, however, there is a put option liability recognized on the group's interim consolidated financial statements amounting to EGP 614 million at 30 November 2024 (31 August 2024: EGP 585 million).

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 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 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.

In 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. Company, and full control over the University, as follows:

Management has concluded that the company 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 Company is able to use its power over the entity to affect those returns as a result of the shareholders agreement between the Company 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

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

Notes to the interim separate 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. Investments in subsidiaries (continued)

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

- 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.

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 "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 existing shareholders' options share at their fair value on a specified date. This option is exercisable upon the expiry of Taaleem call option period.

The Company would recognize any put option liability for the variance between the option's exercise price and the fair value of the shares subject matter to the option. The management has assessed the impact of granting the put options on the interim separate financial statements and no adjustments were needed since the option price is directly linked to the fair value of the shares subject to the put option. However, there is a put option liability recognized on the group's interim consolidated financial statements amounting to EGP 179 million as at 30 November 2024 (31 August 2024: EGP 168 million).

7. Debtors and other debit balances

	<u>30 November 2024</u>	<u>31 August 2024</u>
Withholding tax	15,152,896	12,122,306
Prepaid expenses	6,165,389	450,610
Due from employees	704,010	544,828
Advances to suppliers	482,256	482,366
	<u>22,504,551</u>	<u>13,600,110</u>

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8. Related party balances / transactions

The Company entered into several transactions with companies and entities 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. Below is the statement that shows the nature and amounts of the transactions with related parties during the period:

(a) Due from related parties:

Nature of the entity's relationship	30 November 2024	31 August 2024
Subsidiary	8,112,099	8,097,432

(b) Due to related parties:

Nature of the entity's relationship	30 November 2024	31 August 2024
Subsidiary	529,950,852	335,660,872

(c) 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	1,210,000	1,310,000
	31,982,842	22,605,437

(d) Transactions with related parties

Nature of the entity's relationship	Nature of transactions	30 November 2024	30 November 2023
Subsidiaries	Management fees collected in advance	194,289,980	10,907,374
	Management fees*	101,012,488	64,295,181
	Expenses paid on behalf the subsidiaries	(14,667)	(13,332)

* Management fees

On 1 June 2016, Taaleem Management Services signed a management contract with Nahda University. Pursuant to the contract, the University is entitled to receive technical managerial and educational consultation services. The contract entitled the Company "Taaleem" to the right to set strategic, educational, operational, and financial plans for the University for the contract term, which is 30 years starting from 9 September 2015 and ending 8 September 2045.

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

8. Related party balances / transactions (continued)

The company has a subordination agreement in respect of a tri-party agreement on December 29, 2022 between Al-Nahda University, Ahli United Bank, and Taaleem Management Services Company Guarantor), whereby Taaleem Management Services Company agreed to suspend the payment of the management fees received from Nahda University in case of Nahda defaulting on any loan repayments due. The loan amount is EGP 337 million on 30 November 2024.

9. Cash and cash equivalents

	<u>30 November 2024</u>	<u>31 August 2024</u>
Bank current accounts	144,097,887	13,101,802

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

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

	<u>30 November 2024</u>	<u>30 November 2023</u>
Dividends payable to board members and employees included in creditors and other credit balances	43,761,373	-

10. Right of use assets

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

	<u>30 November 2024</u>	<u>31 August 2024</u>
Balance at the beginning of the period/year	12,150,531	14,954,499
Depreciation during the period/year	(700,992)	(2,803,968)
Balance	<u>11,449,539</u>	<u>12,150,531</u>

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 average interest rate of 10.75% has been used.

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

11. 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 and foreign	<u>265,940,702</u>	<u>265,940,702</u>	<u>265,940,702</u>
		<u>730,250,000</u>	<u>730,250,000</u>	<u>730,250,000</u>
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 and foreign	<u>482,053,471</u>	<u>482,053,471</u>	<u>482,053,471</u>
		<u>730,250,000</u>	<u>730,250,000</u>	<u>730,250,000</u>

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 completed within a five-year period. 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 registered in the commercial register on 8 March 2020.

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

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

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

11. Paid-up capital (continued)

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.

12. Reserves

	<u>30 November 2024</u>	<u>31 August 2024</u>
Legal reserve	21,144,480	10,256,045
	<u>21,144,480</u>	<u>10,256,045</u>

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 partially discontinued if the legal reserve reaches 50% of the issued capital. This reserve is not available for distribution to shareholders.

13. Employee stock ownership plan

	<u>30 November 2024</u>	<u>31 August 2024</u>
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	<u>20,463,141</u>	<u>12,572,692</u>

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.

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14. Deferred tax assets

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

<u>Deferred tax assets</u>	Balance at 1 September 2024	Movement during the period charged to the statement of profit or loss	Balance at 30 November 2024
Fixed assets	588,631	-	588,631
Lease liabilities	1,213,107	-	1,213,107
Employee stock ownership plan	1,986,968	-	1,986,968
Net deferred tax assets	3,788,706	-	3,788,706

<u>Deferred tax assets</u>	Balance at 1 September 2023	Movement during the year charged to the statement of profit or loss	Balance at 31 August 2024
Fixed assets	456,269	132,362	588,631
Lease liabilities	1,038,549	174,558	1,213,107
Employee stock ownership plan	-	1,986,968	1,986,968
Net deferred tax assets	1,494,818	2,293,888	3,788,706

15. Lease liabilities

Liability represents current value for rent liability related to managerial quarter of the company got in exchange with Contract Lease, and it has been evaluated with current value of contractual lease payments discounted at an incremental borrowing rate of 10.75%.

Current value	30 November 2024	31 August 2024
Less than one year	2,830,728	2,659,374
More than one year	14,139,005	14,882,740
	16,969,733	17,542,114

The lease movements are presented as follows:

	30 November 2024	31 August 2024
Balance at the beginning of the period/year	17,542,114	19,570,273
Add: interest charged during the period/year	444,833	1,917,410
Less: lease payments during the period/year	(1,017,214)	(3,945,569)
Lease liabilities at the end of the period/ year	16,969,733	17,542,114

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15. Lease liabilities (continued)

The lease commitments undiscounted are as follows:

Managerial head quarter office	30 November 2024	31 August 2024
Less than six months	2,203,970	2,102,248
From six months to one year	2,237,877	2,237,877
From one year to five years	16,669,199	17,788,137
	21,111,046	22,128,262

16. Creditors and other credit balances

	30 November 2024	31 August 2024
Dividends payable to board members and employees	43,761,373	-
Tax authority	8,403,200	9,804,753
Accrued expenses	1,520,578	10,338,239
Social insurance authority	526,654	477,555
Others	124,856	134,571
	54,336,661	20,755,118

17. Current income tax liabilities

	30 November 2024	31 August 2024
Balance at the beginning of the period/year	67,528,143	22,250,926
Current income tax for the period/year	17,797,927	67,874,868
Paid during the period/year	-	(18,116,310)
Settled during the period/year	-	(4,481,341)
	85,326,070	67,528,143

18. Other expenses

	30 November 2024	30 November 2023
Maintenance fees	595,938	388,916
Transportation	163,919	20,061
Social insurance	158,105	121,748
Advertising	140,220	102,600
Bank charges	32,395	9,931
Others	815,793	1,764,277
	1,906,370	2,407,533

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19/A. Finance income

	<u>30 November 2024</u>	<u>30 November 2023</u>
Interest income – current accounts	446,928	234,412
Foreign currency exchange gain	2,656	-
	<u>449,584</u>	<u>234,412</u>

19/B. Finance cost

	<u>30 November 2024</u>	<u>30 November 2023</u>
Interest expense – lease contracts	444,833	498,062

20. Income tax expense

	<u>30 November 2024</u>	<u>30 November 2023</u>
Current income tax for the period	17,797,927	10,668,975
	<u>17,797,927</u>	<u>10,668,975</u>

Effective tax rate

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

	<u>30 November 2024</u>	<u>30 November 2023</u>
Profit before tax	69,748,815	43,632,335
Income tax based on a tax rate of 22.5%	15,693,483	9,817,275
Non-deductible expenses	2,104,444	851,700
Income tax expense	<u>17,797,927</u>	<u>10,668,975</u>
Effective tax rate	<u>25.5%</u>	<u>24.5%</u>

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21. Earnings per share

21.1 Basic:

Basic earnings per share is calculated by dividing:

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

	<u>30 November 2024</u>	<u>30 November 2023</u>
Net profit for the period	51,950,888	32,963,360
Expected distribution to the employees	<u>(5,195,089)</u>	<u>(3,296,336)</u>
	46,755,799	29,667,024
Weighted average number of shares	<u>730,250,000</u>	<u>730,250,000</u>
Earnings per share	<u>0.064</u>	<u>0.041</u>

21.2 Diluted

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

During the financial period ended 30 November 2024, the Company 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.

22. Tax position

22.1 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.

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22. Tax position (continued)

22.2 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.

22.3 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 interim separate financial statements.

22.4 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 interim separate financial statements.

22.5 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.

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23. 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.