

## Taaleem Reports 9M 21/22 Results

Cairo, 5 July 2022, Taaleem Management Services announces its results for the 9M 21/22 period ending 31 May 2022.

### 9M 21/22 Financial Highlights



### AY 21/22 Operational Highlights



### 9M 21/22 Financial & Operational Key Highlights

- **Total revenue** came in at EGP 597mn, achieving a 2% YoY increase, despite the lower new intake numbers witnessed in AY 21/22 due to: 1) the mismatch between the minimum acceptance grades for higher education enrollment set by the SCPU and the systematic decline in high school grades in result of the updated national high school examination system, 2) the implementation of the centralized enrolment system.
- **Gross profit** came in at EGP 443mn, almost flat YoY, with a gross profit margin of 74%, down by 232 bps YoY.
- **EBITDA** recorded EGP 398mn, growing 26% YoY with a strong 67% margin. Normalizing for the listing fees and other non-recurring expenses in 9M 20/21, adjusted 9M 21/22 EBITDA grew by approximately 4% YoY, double the increase in revenue, on the back of continued cost controls.
- **Net income** reached EGP 277mn, up by 21% YoY, yielding a healthy margin of 46%.
- **Cash & cash equivalents** landed at EGP 135mn, a 15% YoY decline driven by the CAPEX plan.
- **CAPEX/revenue** reached 35%, compared to 29% last year, in line with the CAPEX plan to establish the university hospital and the Faculties of Arts and Architecture at NUB's new extension.

### Latest developments

- **June 8, 2022:** The SCPU decides to terminate the centralized enrollment system that students were required to use to apply to private universities during AY 21/22, allowing them to directly apply to universities through their websites. It has also agreed to restructure the minimum acceptance grading system after the high school students' grades are announced to allow for careful analysis of test scores and determine fair minimum acceptance grades that will enable private universities to admit the number of students required to utilize their capacities.

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

"Once again, Taaleem has demonstrated its agility through a strong set of financial and operational results. During the past nine months, the company booked a total revenue of EGP 597mn, growing 2% YoY despite the lower student intake numbers witnessed during the academic year of 2021/22, a strong EBITDA margin of 67%, and a net income growth of 21% YoY with a healthy 46% margin. This reflects Taaleem's exceptional ability to navigate through challenging market conditions and yield positive results.

Operationally, I'm very optimistic about the SCPU's decision to terminate the centralized enrollment system and restructure the minimum acceptance grading system in its meeting held on June 8, as it will realign the potential student pool with NUB's licensed quotas. We will also begin operating the Faculty of Arts and the university hospital in September 2022 and are planning to launch the Faculty of Architecture during the following academic year, bringing the total number of faculties at NUB to 10, representing the first phase of our expansion plan for the university. Consequently, I expect the SCPU's corrective measures, in tandem with our operational efficiency and growth plans, to drive solid growth, enhance profitability further, and bring us a step closer towards our strategy of becoming Egypt's leading higher education services provider."

### Financial Performance Discussion

#### 9M 21/22

EGP mn	9M 2022	9M 2021	Δ % YoY
Revenue	597	585	2%
Operating Costs	(154)	(137)	12%
<b>Gross Profit</b>	<b>443</b>	<b>447</b>	<b>-1%</b>
Gross Profit Margin	74%	77%	(232 bps)
G&A Expenses	(95)	(177)	-46%
<b>EBITDA</b>	<b>398</b>	<b>316</b>	<b>26%</b>
EBITDA Margin	67%	54%	1,257 bps
<b>Adjusted EBITDA</b>	<b>398</b>	<b>384</b>	<b>4%</b>
Adjusted EBITDA Margin	67%	66%	90 bps
Net Finance Income/(Cost)	8	18	-55%
<b>Net Profit</b>	<b>277</b>	<b>228</b>	<b>21%</b>
Net Profit Margin	46%	39%	735 bps

- **Total revenue** came in at EGP 597mn, up by 2% YoY, despite the 48% YoY decline in new student intake and the almost unchanged combined average tuition in AY 21/22 compared to the previous year. This is mainly attributable to the ongoing ramp up of the Faculties of Medicine and Physiotherapy, as new students are being enrolled with none graduating yet, and the replacement effect occurring in result of the graduation of students on lower tuition rates compared to new students. In addition, 9M 21/22 revenue includes 100% of AY 21/22's first and second semesters and only 47% of AY 20/21's summer semester. This compares to 9M 20/21's revenue, which includes 100% of AY 20/21's first and second semesters and 100% of AY 19/20's summer semester. Normalizing for the difference in revenue recognition in 9M 20/21, revenue of 9M 21/22 would have grown by 3% YoY.
- **Operating cost** increased by 12% YoY, coming in at EGP 154mn. Excluding depreciation & amortization expenses, which include 14x the amortization expense of the comparable period due to the implementation of EAS 49 (leasing contracts), operating cost grew only 6% YoY mainly on a 10% YoY rise in salaries & wages, maintaining the same salaries/revenue ratio of 9% compared to the previous year.

- **G&A** came in at EGP 95mn, compared to EGP 177mn in 9M 20/21, a decline of 46% YoY. Normalizing for the listing expense of EGP 74mn and other non-recurring expenses of EGP 1mn in 9M 20/21, 9M 21/22 adjusted G&A declined by 7% YoY. After accounting for the decrease resulting from the new accounting treatment as well, G&A would have increased by only 1% YoY on the back of efficient cost controls.
- **EBITDA** recorded EGP 398mn, growing 26% YoY with a strong 67% margin. Normalizing for listing and other non-recurring expenses in 9M 20/21, adjusted EBITDA grew approximately 4% YoY, double the increase in revenue, owed to continued cost containment efforts.
- **Net income** landed at EGP 277mn, reporting a 21% YoY growth and a healthy 46% margin. Normalizing for listing expenses and one-off items in 9M 20/21, 9M 21/22 net income would have decreased slightly by 2%, reflecting Taaleem's agility and ability to maintain its profitability despite challenging sector conditions.
- **CAPEX** reached EGP 211mn, increasing 34% YoY and recording a CAPEX/revenue ratio of 35%. CAPEX comes in line with NUB's new extension plan, including the university hospital and the Faculties of Arts and Architecture.

### Q3 2022

EGP mn	Q3 2022	Q3 2021	Δ % YoY
Revenue	263	267	-2%
Operating Costs	(54)	(48)	15%
Gross Profit	209	220	-5%
<b>Gross Profit Margin</b>	<b>79%</b>	<b>82%</b>	<b>(295 bps)</b>
G&A Expenses	(33)	(95)	-66%
EBITDA	193	138	39%
<b>EBITDA Margin</b>	<b>73%</b>	<b>52%</b>	<b>2,162 bps</b>
Adjusted EBITDA	193	200	-4%
<b>Adjusted EBITDA Margin</b>	<b>73%</b>	<b>75%</b>	<b>(150 bps)</b>
Net Finance Income/(Cost)	1	4	-64%
Net Profit	138	99	39%
<b>Net Profit Margin</b>	<b>52%</b>	<b>37%</b>	<b>1,542 bps</b>

- **Total revenue** came in at EGP 263mn, down by 2% YoY, due to the difference in revenue recognition between Q3 21/22 and its comparable period. In Q3 21/22, 90% of AY 21/22's second semester revenue was recognized, compared to 98% of AY 20/21's second semester revenue in Q3 20/21. Normalizing the difference in Q3 20/21's recognized percentage, Q3 21/22 would have recorded a 7% YoY increase driven by the ramp up of the Faculties of Medicine and Physiotherapy and the replacement effect occurring in result of the graduation of students on lower tuition rates compared to new students.
- **Operating cost** rose by 15% YoY, recording EGP 54mn. Excluding depreciation & amortization expenses, which were inflated YoY due to the new leasing contracts accounting standard EAS 49, operating cost would have grown only 11% YoY.
- **Gross profit** recorded EGP 209mn, a 5% YoY decline. Gross profit margin remains at a healthy 79%.
- **G&A** declined by 66% YoY. Excluding the one-off expenses that include the listing fees recorded in Q3 20/21, G&A declined by 2% YoY on efficient cost controls.
- **Adjusted EBITDA** declined by 4% YoY, landing at EGP 193mn, with a strong margin of 73%
- **Net income** reached EGP 138mn during Q3 21/22, up by 39% YoY with a margin of 52%. Adjusted for non-recurring items in Q3 20/21, net income declined by 6% YoY.

Balance Sheet Highlights

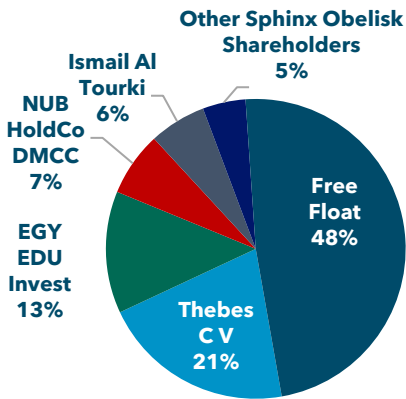
EGP mn	9M 2022	9M 2021	Δ % YoY
Current Assets	218	202	8%
Non-current Assets	1,524	1,311	16%
<b>Total Assets</b>	<b>1,743</b>	<b>1,514</b>	<b>15%</b>
Current Liabilities	198	167	18%
Non-current Liabilities	161	164	-2%
<b>Total Liabilities</b>	<b>359</b>	<b>332</b>	<b>8%</b>
<b>Total Equity</b>	<b>1,384</b>	<b>1,182</b>	<b>17%</b>
<b>Total Liabilities &amp; Equity</b>	<b>1,743</b>	<b>1,514</b>	<b>15%</b>

Cash Flow Highlights

EGP mn	9M 2022	9M 2021	Δ % YoY
Cash Flow from Operations	274	105	162%
Cash Flow from Investing Activities	(197)	(138)	43%
Cash Flow from Financing Activities	(35)	(137)	-75%
Net Changes in Cash & Cash Equivalents During the Period	43	(170)	-125%
Cash & Cash Equivalents at the Beginning of the Period	92	329	-72%
<b>Cash &amp; Cash Equivalents at the End of the Period</b>	<b>135</b>	<b>159</b>	<b>-15%</b>

-End-

**Shareholder Structure**  
As of May 31, 2022



**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 highly underpenetrated regional market and providing students with access to high-quality education and skill-based learning at competitive price points. Taaleem's second institution, Badya University, is located in West Cairo and is currently under development. Badya University is being developed in partnership with Palm Hills, one of Egypt's leading real estate developers. Taaleem is constantly exploring new opportunities for sustainable growth, whether through mergers and acquisitions or greenfield projects, with an eye to extending its long record of successes. Learn more at: [www.taaleem.me](http://www.taaleem.me)

**INVESTOR  
RELATIONS**

Ahmed Zayed  
Head of Investor Relations  
Email: [IR@taaleem.me](mailto: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. They are based on the assumptions of the Management and involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in this document.

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