

**Taaleem Holdings Public Joint Stock  
Company and its subsidiaries**

**UNAUDITED INTERIM CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS**

**30 NOVEMBER 2022**



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## REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF TAALEEM HOLDINGS PJSC

### **Introduction**

We have reviewed the accompanying interim condensed consolidated financial statements of Taaleem Holdings PJSC (the “Company”) and its subsidiaries (collectively referred to as the “Group”) which comprise the interim condensed consolidated statement of financial position as at 30 November 2022, and the related interim condensed consolidated statement of total comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three-months period then ended, and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, *“Review of Interim Financial Information Performed by the Independent Auditor of the Entity”*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International 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.

### **Other Matter**

The interim condensed consolidated financial statements for the three-months period ended 30 November 2021 were not reviewed and our conclusion does not relate to the comparatives presented in these interim condensed consolidated financial statements which are presented only for comparison purpose.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

For Ernst & Young

Signed by:  
Anthony O’Sullivan  
Partner  
Registration No: 687

10 January 2023

Dubai, United Arab Emirates

**Taaleem Holdings Public Joint Stock Company and its subsidiaries**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
As at 30 November 2022  
(All amounts in United Arab Emirates Dirham (AED), unless otherwise stated)

	<i>Notes</i>	<i>30 November 2022 AED (Unaudited)</i>	<i>31 August 2022 AED (Audited)</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	5	1,155,182,881	1,160,278,413
Investment property		11,295,980	11,438,599
Intangible assets		40,451,132	41,119,734
Goodwill	4	239,997,759	239,997,759
Right-of-use assets	17(i)	173,678,233	177,130,827
Net investment in finance lease		3,473,358	3,423,325
		<u>1,624,079,343</u>	<u>1,633,388,657</u>
<b>Current assets</b>			
Fees and other receivables	6	98,899,689	83,760,649
Wakala deposits	7	580,158,500	-
Cash and cash equivalents	8	273,145,701	243,150,477
		<u>952,203,890</u>	<u>326,911,126</u>
<b>TOTAL ASSETS</b>		<u><u>2,576,283,233</u></u>	<u><u>1,960,299,783</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	15	1,000,000,000	750,000,000
Statutory reserve	15	542,999,927	63,297,202
Retained earnings		104,032,569	120,674,141
<b>TOTAL EQUITY</b>		<u>1,647,032,496</u>	<u>933,971,343</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	9	297,268,181	304,125,318
Lease liabilities	17(ii)	184,670,022	187,000,470
Deferred income on government grant		46,689,999	46,308,674
Debentures payable		26,370,149	26,543,685
Provision for employees' end of service benefits		32,804,768	29,443,351
		<u>587,803,119</u>	<u>593,421,498</u>

The attached notes 1 to 23 form part of these interim condensed consolidated financial statements.


**Taaleem Holdings Public Joint Stock Company and its subsidiaries****INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**

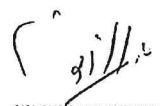
As at 30 November 2022

(All amounts in United Arab Emirates Dirham (AED), unless otherwise stated)

	Notes	30 November 2022 AED (Unaudited)	31 August 2022 AED (Audited)
<b>Current liabilities</b>			
Trade and other payables	10	131,303,371	123,529,684
Fees received in advance		165,946,995	264,643,267
Interest bearing loans and borrowings	9	28,117,425	28,296,892
Lease liabilities	17(ii)	13,746,494	13,999,799
Deferred income on government grant		2,333,333	2,437,300
		<b>341,447,618</b>	<b>432,906,942</b>
<b>TOTAL LIABILITIES</b>		<b>929,250,737</b>	<b>1,026,328,440</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,576,283,233</b>	<b>1,960,299,783</b>

These interim condensed consolidated financial statements were approved by the Board of Directors on 9/1/2023 and signed on their behalf by:

DocuSigned by:  
  
 F150E7FE969B4F5.....  
 Chairman

  
 .....  
 Vice Chairman



The attached notes 1 to 23 form part of these interim condensed consolidated financial statements.

**Taaleem Holdings Public Joint Stock Company and its subsidiaries**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the three-month period ended 30 November 2022

(All amounts in United Arab Emirates Dirham (AED), unless otherwise stated)

	<i>Notes</i>	<i>Three-month period ended 30 November (Unaudited)</i>	
		<i>2022 AED</i>	<i>2021 AED</i>
<b>REVENUE</b>	11	<b>231,940,408</b>	<b>175,246,578</b>
<b>FINANCE AND OTHER INCOME</b>			
Rental income		388,344	51,230
Income from deferred government grant		583,334	609,325
Finance income		730,186	149,145
Other income		647,807	1,218,057
<b>TOTAL FINANCE AND OTHER INCOME</b>		<b>2,349,671</b>	<b>2,027,757</b>
<b>EXPENSES</b>			
Operating costs	12	(119,349,821)	(88,745,823)
General and administrative expenses	13	(35,896,330)	(24,242,038)
Amortisation of intangible assets		(668,602)	(131,104)
Depreciation on property and equipment	5	(17,028,544)	(13,546,718)
Depreciation on investment property		(142,619)	-
Amortisation of right-of-use assets	17(i)	(3,452,594)	(3,039,111)
Finance costs		(6,893,141)	(3,008,338)
<b>TOTAL EXPENSES</b>		<b>(183,431,651)</b>	<b>(132,713,132)</b>
<b>PROFIT FOR THE PERIOD</b>		<b>50,858,428</b>	<b>44,561,203</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>50,858,428</b>	<b>44,561,203</b>
<b>Earnings per share</b>			
Basic and diluted, profit for the period attributable to ordinary equity holders of the Company (in AED per share)	20	<b>0.07</b>	<b>0.06</b>

The attached notes 1 to 23 form part of these interim condensed consolidated financial statements.

**Taaleem Holdings Public Joint Stock Company and its subsidiaries**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the three-month period ended 30 November 2022

(All amounts in United Arab Emirates Dirham (AED), unless otherwise stated)

<i>30 November 2021 (Unaudited)</i>	<i>Share capital AED</i>	<i>Statutory reserve AED</i>	<i>Retained earnings AED</i>	<i>Total AED</i>
As at 1 September 2021 (Audited)	750,000,000	53,950,583	114,599,707	918,550,290
Total comprehensive income for the period (Unaudited)	-	-	44,561,203	44,561,203
As at 30 November 2021 (Unaudited)	750,000,000	53,950,583	159,160,910	963,111,493
<i>30 November 2022 (Unaudited)</i>				
As at 1 September 2022 (Audited)	750,000,000	63,297,202	120,674,141	933,971,343
Total comprehensive income for the period (Unaudited)	-	-	50,858,428	50,858,428
Issuance of share capital (Unaudited)	250,000,000	479,702,725	-	729,702,725
Dividends (Note 16) (Unaudited)	-	-	(67,500,000)	(67,500,000)
As at 30 November 2022 (Unaudited)	1,000,000,000	542,999,927	104,032,569	1,647,032,496

The attached notes 1 to 23 form part of these interim condensed consolidated financial statements.

**Taaleem Holdings Public Joint Stock Company and its subsidiaries**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the three-month period ended 30 November 2022

(All amounts in United Arab Emirates Dirham (AED), unless otherwise stated)

		<i>Three-month period ended 30 November (Unaudited)</i>	
	<i>Notes</i>	<i>2022 AED</i>	<i>2021 AED</i>
<b>OPERATING ACTIVITIES</b>			
Profit for the period		50,858,428	44,561,203
<b>Adjustments for:</b>			
Depreciation on property and equipment	5	17,028,544	13,546,718
Depreciation on investment property		142,619	-
Amortisation of right-of-use assets	17(i)	3,452,594	3,039,111
Amortisation of intangible assets		668,602	131,104
Provision for employees' end of service benefits		4,289,065	1,983,592
Allowance for impairment on fees receivable	13	720,616	617,183
Finance income		(730,186)	(149,145)
Finance costs		6,893,141	3,008,338
Income from deferred government grant		(583,333)	(609,324)
Income from unwinding of debentures payable		(177,763)	(177,772)
Other non-cash items		860,690	-
<b>Operating cash flows before changes in working capital</b>		<b>83,423,017</b>	<b>65,951,008</b>
<b>Changes in working capital:</b>			
Change in fees and other receivables		(16,539,656)	1,954,781
Changes in restricted cash		(7,774,315)	(39,144,584)
Change in fees received in advance		(98,696,272)	(98,418,783)
Change in trade and other payables		6,082,633	55,420,494
<b>Cash flows used in operations</b>		<b>(33,504,593)</b>	<b>(14,237,084)</b>
Payment of employees' end of service benefits		(927,648)	(131,926)
<b>Net cash flows used in operating activities</b>		<b>(34,432,241)</b>	<b>(14,369,010)</b>
<b>INVESTING ACTIVITIES</b>			
Additions to property and equipment	5	(11,933,007)	(22,119,372)
Changes in Wakala deposits, net		(580,158,500)	45,131,389
Interest received		680,153	149,145
<b>Net cash flows (used in) / from investing activities</b>		<b>(591,411,354)</b>	<b>23,161,162</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from issue of shares, net		735,720,000	-
Repayment of bank borrowings	9	(6,857,143)	(203,356)
Payments towards lease liabilities	17(ii)	(5,315,842)	(3,693,605)
Interest paid		(3,712,571)	(1,000,436)
Dividends paid	16	(67,487,174)	-
Repayment of debentures		(4,282,766)	-
<b>Net cash flows from / (used in) financing activities</b>		<b>648,064,504</b>	<b>(4,897,397)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>22,220,909</b>	<b>3,894,755</b>
Cash and cash equivalents at the beginning of the period		227,986,388	189,479,803
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>8</b>	<b>250,207,297</b>	<b>193,374,558</b>

The attached notes 1 to 23 form part of these interim condensed consolidated financial statements.

## Taaleem Holdings Private Joint Stock Company and its subsidiaries

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three-month period ended 30 November 2022

(All amounts in United Arab Emirates Dirham (AED), unless otherwise stated)

#### 1 STATUS AND PRINCIPAL ACTIVITIES

Taaleem Holdings Private Joint Stock Company (the "Parent Company" or the "Company") was incorporated on 5 February 2007 and registered under trade license no. 591478 issued by the Department of Economic Development, Dubai, United Arab Emirates (UAE) dated 14 February 2007 as a Private Joint Stock Company in accordance with the requirements of UAE Federal Decree Law No. (32) of 2021. The registered address of the Parent Company is P.O Box 76691, Dubai, UAE.

Pursuant to the resolution passed in the extra-ordinary general meeting 29 August 2022, the shareholders had amongst others resolved the following:

- (i) conversion of the legal status of the Company from a Private Joint Stock Company to a Public Joint Stock Company through an Initial Public Offering ("IPO").
- (ii) to increase the Company's authorized share capital from AED 750 million to AED 1 billion (at par value) by way of issuance of new shares part of the IPO process.

On 22 November 2022, the Security and Commodities Authority ("SCA") (UAE) approved the Company's application for the offering and issuance of 250 million new shares representing 25% percent of the Company's authorised share capital (Note 15).

On 29 November 2022, the Company's shares became listed in the Dubai Financial Markets ("DFM") Stock Exchange, UAE. Pursuantly, the Company's status changed from "Private Joint Stock Company" to "Public Joint Stock Company". The legal formalities in this regard were completed on 29 November 2022.

The Company's shareholding and principal activities of the subsidiaries (collectively referred to as the "Group") are as follows:

<i>Name</i>	<i>Percentage of equity interest</i>	<i>Country of incorporation</i>	<i>Principal Activities</i>
Taaleem LLC	100%	United Arab Emirates	Involved in setting up several schools.
Taaleem Management LLC	100%	United Arab Emirates	Involved in providing licensing, administrative and technical services for structuring, developing, managing and operating schools.
Taaleem SPV Limited*	100%	United Arab Emirates	Involved in providing and investing in educational services.
Taaleem Holdings Sole Proprietorship LLC**	100%	United Arab Emirates	Investment and management of educational and commercial enterprises.
Madaares Operations Limited	100%	United Arab Emirates	General trading activities
Madaares Management Limited	100%	United Arab Emirates	General trading activities

\* 100% Owned by two shareholders of the Parent Company for its beneficial interest. Based on contractual arrangements between the Company and other shareholders, the Company has power to direct the relevant activities of these subsidiaries and derive full economic benefits (bear losses) from the operations of these subsidiaries. Hence, the Group considers that it controls certain subsidiaries.

\*\* 100% owned by Taaleem SPV Limited.

The principal activities of the Group are providing and investing in educational services.



## Taaleem Holdings Public Joint Stock Company and its subsidiaries

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three-month period ended 30 November 2022

(All amounts in United Arab Emirates Dirham (AED), unless otherwise stated)

#### 1 STATUS AND PRINCIPAL ACTIVITIES (continued)

##### School operations

Taaleem LLC is involved in management and operations of the following schools:

- (a) Dubai British School ("DBS")
- (b) American Academy for Girls ("AAG")
- (c) Raha International School ("RIS")
- (d) Greenfield International School ("GIS")
- (e) Jumeira Baccalaureate School ("JBS")
- (f) Uptown International School ("UIS")
- (g) Dubai British Foundation Kindergarten ("DBF")
- (h) Dubai British School Jumeirah Park ("DBS-JP")
- (i) Raha International School Khalifa-A ("RIS-KA")
- (j) Jebel Ali School ("JAS")

The above schools are collectively referred to as the "Schools". The trade licenses of the Schools are legally held by Taaleem Management LLC.

##### Managed School operations

The Group has also entered into management and operation agreements to manage and operate certain other schools as follows:

- a. With the Abu Dhabi Department of Education and Knowledge ("ADEK")
  - During 2019, to manage and operate four charter schools in Abu Dhabi, UAE commencing from academic year 2019-20 for an initial period of 3 years. This agreement was renewed during 2022 for a successive 2 years upon completion of the initial period with an option for further extension by another 5 years.
  - During 2020-21, the above mentioned management agreement was amended to manage and operate two additional charter schools in Abu Dhabi, UAE commencing from academic year 2021-22.
  - Further, the Group entered into a new operating and management agreement dated 31 May 2022 with ADEK, (which superseded the original agreement) and incorporates a total of nine schools including the original six plus three new schools commencing from 1 September 2022 for an initial period of 2 years. The Group has an option to renew this agreement for 2 years upon completion of the initial period, with an option for further extension by another 5 years.
  - The Group recognizes the management fees as an agent in relation to the arrangements with ADEK.
- b. With The Executive Council ("TEC") and Knowledge Fund Establishment (KFE)
  - During 2021, to manage and operate two schools of TEC in the Emirates of Dubai, Dubai Schools Al Barsha ("DSB") and Dubai Schools Mirdif ("DSM"), starting from the academic year 2021-22 for an initial period of 7 years, renewable on the same terms for two additional periods of 7 years each.  
The land and the buildings on which school is constructed is leased by TEC and not recharged to the Group. The Group will be responsible for operating maintenance required during the agreement period.
  - Pursuant to the novation agreements entered into between the Group, TEC and Knowledge Fund Establishment (KFE) during 2022, all rights and obligations of TEC under the original agreement were novated to KFE.
  - Further, KFE mandated the Group to manage and operate the 'Dubai Schools' Nad Al Sheba vide agreement dated 20 June 2022, from academic year 2022-23.
  - The Group acts as a principal in relation to operation of the above schools as it derives full economic benefits and has control over the strategic and day to day operations of the schools.
- c. With Emirates School Establishment ("ESE")
  - During 2022, to manage and operate four schools in connection with the Ajyal (Generations) School ("Ajyal Schools") initiative by the Federal Ministry of Education, namely Al Maktoum School (Dubai), Al Qarayan School (Sharjah), Al Mataf School (Ras Al-Khaimah) and Al Furqan School (Eastern Sharjah) commencing from academic year 2022-23. The Group will act as an agent in relation to the arrangement with ESE.

## Taaleem Holdings Public Joint Stock Company and its subsidiaries

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three-month period ended 30 November 2022

(All amounts in United Arab Emirates Dirham (AED), unless otherwise stated)

#### 2 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the three-month period ended 30 November 2022 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at and for the year ended 31 August 2022.

The preparation of interim condensed consolidated financial statements in conformity with International Financial Reporting Standards ("IFRS") requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Group's interim condensed consolidated financial statements are consistent with the annual consolidated financial statements for the year ended 31 August 2022 and should be read in conjunction thereof.

The Group's operations is subject to cyclical fluctuations during the financial year due to the academic break during the summer months, typically from July to August. Whilst revenue from tuition and other fees are recognised by the Group's management over the academic term (i.e. typically 10 months), the underlying costs of school operations are over the full financial year (i.e. 12 months). Accordingly, the interim period revenue and earnings of each quarter is not necessarily indicative of the results that may be achieved for any other quarter or the full financial year ending 31 August 2023. In particular, the Group's financial results for the last quarter of the financial year will reflect lower revenue (i.e. typically a month) against costs for the entire quarter.

These interim condensed consolidated financial statements have been presented on the historical cost basis, except otherwise stated.

The Group's management have made an assessment of the Group's ability to continue as a going concern and are satisfied that the Group has the financial resources to continue in business for the foreseeable future. Further, Group's management and Board of Directors are not aware of any material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the interim condensed consolidated financial statements continue to be prepared on the going concern basis.

The interim condensed consolidated financial statements are presented in the United Arab Emirates Dirham (AED), which is the Company's functional currency, unless otherwise stated.

#### 3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS THEREOF, ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 August 2022, except for the adoption of new standards effective as of 1 January 2022, which had no significant impact on the interim condensed consolidated financial statements of the Group.

The Group has not early adopted any standard, interpretation or amendment that has been issued as at the date of the authorisation of these interim condensed consolidated financial statements but is not yet effective. Management has assessed the implication of adopting the new standards which are not yet effective and concluded that there are no significant impact on the interim condensed consolidated financial statements of the Group.

#### 4 GOODWILL AND BUSINESS COMBINATION

	<i>30 November 2022 AED (Unaudited)</i>	<i>31 August 2022 AED (Audited)</i>
Acquisition through business combination:		
- Taaleem LLC and Taaleem Management LLC (referred together as "Taaleem acquisition") [Note (a) below]	204,932,063	204,932,063
- Jebel Ali School [Note (b) below]	35,065,696	35,065,696
	<u>239,997,759</u>	<u>239,997,759</u>

## Taaleem Holdings Public Joint Stock Company and its subsidiaries

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three-month period ended 30 November 2022

(All amounts in United Arab Emirates Dirham (AED), unless otherwise stated)

#### 4 GOODWILL AND BUSINESS COMBINATION (continued)

##### (a) *Taaleem acquisition:*

On 1 September 2007, the Group entered into a sale and purchase agreement with Taaleem LLC and Taaleem Management LLC, whereby, all the shares of Taaleem LLC and Taaleem Management LLC were acquired by the Company. Pursuant to this Agreement, Taaleem LLC and Taaleem Management LLC became wholly owned subsidiaries of the Company.

##### (b) *Acquisition of Jebel Ali School (JAS)*

On 26 May 2022, the Group had entered into the following agreements:

- a) agreement with the Board of Trustees of Jebel Ali School for transfer of the school operations (on an "as-is" basis).
- b) a tripartite agreement with the Board of Trustees of Jebel Ali School and Emirates REIT for
  - settlement of the outstanding rental payments as of the date of acquisition towards the land and school building, and
  - acquisition of the underlying land and the school building.

The total consideration for the acquisition was AED 233.5 million. Of this, AED 200 million had been settled and the balance AED 33.5 million will be settled on the first anniversary of the date of acquisition. The balance payable had been recognised at its fair value as of the date of acquisition. There were no non-controlling interests arising on this acquisition.

The fair value of net assets acquired amounted to AED 166,734,304. The excess of the fair value of the purchase consideration amounting to AED 231,900,000 was recognised as follows as on the date of acquisition:

	<i>AED</i>
- Student relationships	30,100,000
- Goodwill	35,065,696
	<u>65,165,696</u>

The Group's management has revisited the underlying assumptions used to determine the recoverable amount of goodwill and other intangible assets as at 31 August 2022 (Audited), and concluded that there were no indicators of impairment as at 30 November 2022 (Unaudited).

#### 5 PROPERTY AND EQUIPMENT

During the three-month period ended 30 November 2022 (unaudited), the additions to property and equipment amounted to AED 11,933,007 (three-month period ended 30 November 2021 (unaudited): AED 22,119,372). The depreciation expense for the three-month period ended 30 November 2022 amounted to AED 17,028,544 (unaudited) (three-month period ended 30 November 2021 (unaudited): AED 13,546,718). The Group's management has assessed and concluded there were no indicators of impairment as at 30 November 2022.

There were no significant disposals during the three-month period ended 30 November 2022 and 2021.

**Taaleem Holdings Public Joint Stock Company and its subsidiaries****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

As at and for the three-month period ended 30 November 2022

(All amounts in United Arab Emirates Dirham (AED), unless otherwise stated)

**6 FEES AND OTHER RECEIVABLES**

	<i>30 November 2022 AED (Unaudited)</i>	<i>31 August 2022 AED (Audited)</i>
Fees receivable	37,082,474	6,788,302
Less: allowance for impairment of fees receivable	(2,999,954)	(2,771,762)
Net fees receivable	34,082,520	4,016,540
Prepayments	19,700,694	33,879,589
VAT receivables	32,579,401	31,397,602
Deposits and advances	12,537,074	14,466,918
	<u>98,899,689</u>	<u>83,760,649</u>

As at 30 November 2022, fees receivable with a nominal value of AED 2,999,954 (Unaudited) [31 August 2022 (Audited): AED 2,771,762] were impaired.

**7 WAKALA DEPOSITS**

	<i>30 November 2022 AED (Unaudited)</i>	<i>31 August 2022 AED (Audited)</i>
Wakala deposits* (Note 14)	645,245,792	40,066,000
(Less): Wakala deposits – original maturity less than 3 months (Note 8)	(65,087,292)	(40,066,000)
	<u>580,158,500</u>	<u>-</u>

\* Out of the total IPO proceeds, AED 630,000,000 has been placed as Wakala deposits with a financial institution in UAE bearing interest at commercial rates and with an original maturity period between 2-9 months.

**8 CASH AND CASH EQUIVALENTS**

	<i>30 November 2022 AED (Unaudited)</i>	<i>31 August 2022 AED (Audited)</i>
Cash in hand	644,803	711,106
Cash at banks	85,916,198	186,033,121
Sukuk deposits* (Note 14)	121,497,408	16,340,250
Wakala deposits (Note 7)	65,087,292	40,066,000
	<u>273,145,701</u>	<u>243,150,477</u>
(Less): Restricted cash**	(22,938,404)	(15,164,089)
Cash and cash equivalents for the purpose of interim condensed consolidated statement of cash flows	<u>250,207,297</u>	<u>227,986,388</u>

\* Out of the total IPO proceeds, AED 95,000,000 has been placed as Sukuk deposits with a financial institution in UAE bearing interest at commercial rates and are callable on demand with an initial lock-in period of 30 days.

\*\*The cash and cash equivalents disclosed above and in the interim condensed consolidated statement of cash flows include AED 22,938,404 (Unaudited) (31 August 2022 (Audited): AED 15,164,089) which are held by the subsidiaries of the Company (i.e. Taaleem Sole Proprietorship LLC and Taaleem LLC). These bank balances are held for the restricted purpose of managing the operations of the ADEK and ESE charter schools and therefore not available for use by the Group.

## Taaleem Holdings Public Joint Stock Company and its subsidiaries

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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#### 9 INTEREST BEARING LOANS AND BORROWINGS

	30 November 2022 AED (Unaudited)	31 August 2022 AED (Audited)
As at beginning of the period	332,422,210	196,088,882
Add: finance costs charged for the period	3,533,110	7,927,585
Add: loans drawn down	-	160,000,000
Less: finance costs paid for the period	(3,712,571)	(7,071,159)
Less: loans repaid during the period	(6,857,143)	(24,523,098)
As at the end of the period	325,385,606	332,422,210
Less: Current portion	(28,117,425)	(28,296,892)
Non-current portion	297,268,181	304,125,318

All loans and borrowings are obtained in AED.

The financing carried a profit payable on a quarterly basis at the rate of 3 months Emirates Inter Bank Offer Rate (EIBOR) plus a profit mark-up per annum [2022 (Audited): 3 months EIBOR plus a profit mark-up per annum].

As at 30 November 2022, there were no significant changes in the mortgages and securities pledged against the bank borrowings as compared to the disclosures provided in the annual consolidated financial statements for the year ended 31 August 2022.

#### 10 TRADE AND OTHER PAYABLES

	30 November 2022 AED (Unaudited)	31 August 2022 AED (Audited)
Trade payables	82,690,941	87,945,728
Accruals and provisions	40,994,497	23,979,679
Debentures payable	33,975,256	38,147,962
Dividends payable	12,826	-
	157,673,520	150,073,369
Less: Long-term debentures payable	(26,370,149)	(26,543,685)
	131,303,371	123,529,684

#### 11 REVENUE

	Three-month period ended 30 November (Unaudited)	
	2022 AED	2021 AED
Gross tuition fees	231,515,720	176,330,937
(Less): Discounts	(4,365,289)	(3,229,999)
Net tuition fees	227,150,431	173,100,938
Management fees	3,064,998	1,558,796
Application fees (on initial admission)	448,530	258,000
Other operating income	1,276,449	328,844
	231,940,408	175,246,578

# Taaleem Holdings Public Joint Stock Company and its subsidiaries

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### 11 REVENUE (continued)

	<i>Three-month period ended 30 November (Unaudited)</i>	
	<i>2022</i>	<i>2021</i>
	<i>AED</i>	<i>AED</i>
Set out below is the disaggregation of the Group's revenue:		
<b>Timing of revenue recognition</b>		
Services transferred over time	231,017,451	174,988,578
Services transferred at a point in time	922,957	258,000
Total revenue from contracts with customers	<u>231,940,408</u>	<u>175,246,578</u>

The revenue is entirely earned in UAE.

### 12 OPERATING COSTS

	<i>Three-month period ended 30 November (Unaudited)</i>	
	<i>2022</i>	<i>2021</i>
	<i>AED</i>	<i>AED</i>
Staff costs and other benefits	113,186,103	81,845,957
School supplies	2,520,139	4,465,548
Lease rent and service charges	1,055,783	1,028,174
Bank charges	578,543	251,568
Others	2,009,253	1,154,576
	<u>119,349,821</u>	<u>88,745,823</u>

### 13 GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Three-month period ended 30 November (Unaudited)</i>	
	<i>2022</i>	<i>2021</i>
	<i>AED</i>	<i>AED</i>
Board remuneration, compensation and other benefits (Note 14)	7,350,000	750,000
Staff costs and other benefits	6,824,964	6,302,398
Water and electricity charges	6,172,247	5,330,719
Repairs and maintenance	5,520,488	3,918,950
Legal and professional expenses	2,993,117	1,529,773
Janitorial and security	2,446,392	2,968,434
Marketing and advertisement	669,313	967,224
Impairment loss on fees receivables	720,616	617,183
Printing and stationery	568,867	523,914
Travel and communication	420,240	391,272
Office rent	155,510	162,489
Others (insurance, bank charges etc.)	2,054,576	779,682
	<u>35,896,330</u>	<u>24,242,038</u>

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## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 14 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties includes the Group's shareholders, directors and other entities businesses, which are controlled directly or indirectly by the shareholders and directors, and entities over which they exercise significant management influence (hereinafter referred to as "affiliates") and key management personnel of the Group. Pricing policies and terms of these transactions are approved by the Group's management.

(a) *Significant related party transactions*

Significant transactions entered with related parties during the period are as follows:

	Three-month period ended 30 November (Unaudited)	
	2022 AED	2021 AED
<b>Entities with significant influence:</b>		
<b>Emirates Islamic Bank (“EIB”)</b>		
Profit from wakala deposits	573,028	86,345
Finance costs	(3,820,543)	(1,000,436)
Repayments of bank borrowings (Note 9)	(6,857,143)	(203,356)
Cash dividends paid	(4,500,000)	-
<b>National Bonds Corporation (“NBC”)</b>		
Profit from sukuk deposits	157,158	62,800
Cash dividends paid	(15,552,012)	-
<b>Knowledge Fund (“KF”)</b>		
Rent payment	(92,346)	(46,173)
<b>Compensation to key management personnel</b>		
	Three-month period ended 30 November (Unaudited)	
	2022 AED	2021 AED
Short-term employee benefits	2,907,948	3,166,287
Provision for employees’ end of service benefits	72,010	70,836
Tuition fee discounts	74,117	74,117
Executive Committee and Audit Committee compensation	375,000	318,750
Board remuneration, compensation and other benefits (Note 13)	7,350,000	750,000
	<b>10,779,075</b>	<b>4,379,990</b>

# Taaleem Holdings Public Joint Stock Company and its subsidiaries

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### 14 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

#### (b) Related party balances

#### Due from related parties (Entities with significant influence):

	30 November 2022 AED (Unaudited)	31 August 2022 AED (Audited)
<i>Emirates Islamic Bank</i>		
Bank balances	85,416,198	185,455,112
Wakala deposits (Note 7)	645,245,792	40,066,000
	<u>730,661,990</u>	<u>225,521,112</u>
<i>National Bonds Corporation</i>		
Sukuk deposits (Note 8)	121,497,408	16,340,250
	<u>121,497,408</u>	<u>16,340,250</u>
<i>Emirates Islamic Bank</i>		
Loans and borrowings from a related party (Note 9)	(325,385,606)	(332,422,210)
	<u>(325,385,606)</u>	<u>(332,422,210)</u>
<i>Knowledge Fund</i>		
Trade payables	(295,894)	(101,966)
	<u>(295,894)</u>	<u>(101,966)</u>

#### Terms and conditions of transactions with related parties

Except for the interest-bearing loans and borrowings (secured), wakala and sukuk deposits (unsecured), other outstanding balances at the period-end are unsecured, interest free and settlement generally occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the period ended 30 November 2022, the Group has not recognised any provision for expected credit losses relating to amounts owed by the related parties (Unaudited) (31 August 2022 (Audited): Nil).

### 15 SHARE CAPITAL

	30 November 2022 AED (Unaudited)	31 August 2022 AED (Audited)
<b>Authorised, issued and fully paid up capital:</b>		
1,000,000,000 ordinary shares of AED 1 each (Note 1)		
(2022: 750,000,000 ordinary shares of AED 1 each)	1,000,000,000	750,000,000
	<u>1,000,000,000</u>	<u>750,000,000</u>

The total proceeds received from the IPO subscription were AED 750,000,000. Of this, AED 250,000,000 has been recorded as an increase in share capital and the balance amounting to AED 500,000,000 attributable to the premium on issuance of new shares has been classified as part of statutory reserve in accordance with Article 196 of the UAE Federal Law No (32) of 2021 before deducting IPO transaction costs amounting to AED 20,297,275 that were directly attributable to issuance of such new shares.

### 16 DIVIDENDS

During the shareholders meeting dated 28 October 2022, the shareholders approved a dividend of AED 0.09 per share amounting to AED 67,500,000 (2022: Dividend of AED 0.09 per share amounting to AED 67,500,000). Of this, dividend amounting to AED 67,500,000, along with the dividend payable of AED 12,826 as at 30 November 2022, was paid (2022: an amount of AED 67,500,000 was paid).



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#### 17 LEASES

##### i. Right-of-use assets

During the three-month period ended 30 November 2022 and 2021 (unaudited), there were no significant additions to right-of-use assets. The amortization charge for the three-month period ended 30 November 2022 amounted to AED 3,452,594 (unaudited) (three-month period ended 30 November 2021 (unaudited): AED 3,039,111).

There are no significant lease modifications during the three-month period ended 30 November 2022 and 2021.

##### ii. Lease liabilities

During the three-month period ended 30 November 2022 and 2021 (unaudited), there were no significant lease liabilities that were contracted by the Group. The finance costs for the three-month period ended 30 November 2022 amounted to AED 2,672,598 (unaudited) (three-month period ended 30 November 2021 (unaudited): AED 2,007,902).

The Group has made payments of AED 5,315,842 towards lease liabilities during the three-month ended 30 November 2022 (three-month ended 30 November 2021 (unaudited): AED 3,693,605).

#### 18 GUARANTEES, CONTINGENCIES AND CAPITAL COMMITMENTS

	<i>30 November 2022 AED (Unaudited)</i>	<i>31 August 2022 AED (Audited)</i>
(a) Capital commitments	<u>1,847,480</u>	<u>7,537,058</u>
(b) Bank guarantee	<u>169,157,090</u>	<u>169,157,090</u>

As at 31 August 2022, the Group's capital commitments mainly related to its on-going construction of phase II of RIS-KA in Abu Dhabi, UAE.

Bank guarantee mainly pertains to the following:

- (i) guarantees issued by the Group in favor of Abu Dhabi Department of Education and Knowledge in relation to the underlying management agreement and for construction of Raha International School – Khalifa City Campus.
- (ii) guarantees issued by the Group in favor of Emirates Schools Establishment in relation to the underlying management agreement for operation of schools.
- (iii) guarantees issued by the Group in favor of Knowledge Fund Establishment in relation to the construction of Dubai British School, Jumeirah.

#### 19 SEGMENT INFORMATION

The Group's operating segments are established on the basis of those components of the Group that are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Group has determined the chief operating decision maker to be its Chief Executive officer who undertakes such decision in consultation with the Board of Directors. The Group has a single reportable segment classified as "School operations" which encompasses the management, operation and related ancillary activities related to the day-to-day function of all the schools under the purview of the chief operating decision maker.

The determination of the Group's operating segment is based on the information which is reported to chief operating decision maker for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the interim condensed consolidated financial statements. Transactions between segments, if any, are conducted at mutually agreed terms and conditions and are fully eliminated on consolidation.

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## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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### 19 SEGMENT INFORMATION (continued)

#### Geographic segments

As at 30 November 2022, all of the business activities and operations of the Group are conducted in UAE.

#### Primary segment information

Segmental information is presented below:

#### Three-month period ended 30 November 2022 (In AED) (Unaudited):

	<i>School operations</i>	<i>Corporate head office</i>	<i>Consolidated</i>
<b>Revenue</b>			
External customers	231,940,408	-	231,940,408
<b>Finance and other income</b>			
Finance income	730,186	-	730,186
Other income	647,807	-	647,807
Income from deferred government grant	583,334	-	583,334
<b>Expenses</b>			
Staff costs and other benefits	(109,231,992)	(10,779,075)	(120,011,067)
Operating and administrative expenses	(35,235,084)	-	(35,235,084)
Depreciation, impairment and amortisation	(21,292,359)	-	(21,292,359)
Finance costs	(6,893,141)	-	(6,893,141)
<b>Segmental profit</b>	<b>61,249,159</b>	<b>(10,779,075)</b>	<b>50,470,084</b>

#### Three-month period ended 30 November 2021 (In AED) (Unaudited):

	<i>School operations</i>	<i>Corporate head office</i>	<i>Consolidated</i>
<b>Revenue</b>			
External customers	175,246,578	-	175,246,578
<b>Finance and other income</b>			
Finance income	149,145	-	149,145
Other income	1,218,057	-	1,218,057
Income from deferred government grant	609,325	-	609,325
<b>Expenses</b>			
Staff costs and other benefits	(83,768,365)	(4,379,990)	(88,148,355)
Operating and administrative expenses	(24,839,506)	-	(24,839,506)
Depreciation, impairment and amortization	(16,716,933)	-	(16,716,933)
Finance costs	(3,008,338)	-	(3,008,338)
<b>Segmental profit</b>	<b>48,889,963</b>	<b>(4,379,990)</b>	<b>44,509,973</b>

Corporate head office is not an operating segment and comprises mainly administrative and payroll costs relating to the certain key management personnel which are not monitored separately and not attributed to the "School operations" segment.

**Taaleem Holdings Public Joint Stock Company and its subsidiaries**  
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**19 SEGMENT INFORMATION (continued)**

*Primary segment information (continued)*

	<i>Three-month period ended 30 November (Unaudited)</i>	
	<i>2022</i>	<i>2021</i>
	<i>AED</i>	<i>AED</i>
<b>Reconciliation of profit</b>		
Segment profit	50,470,084	44,509,973
Rental income	388,344	51,230
Profit for the year	<u>50,858,428</u>	<u>44,561,203</u>

**Other segment information**

Segment assets and liabilities comprise all assets and liabilities reflected in the interim condensed consolidated statement of financial position as at 30 November 2022 (unaudited) and 31 August 2022 (Audited). This is entirely attributable to the "School operations" segment. All such assets (including capital expenditure) and liabilities are relating to the Group's operations in UAE.

**20 EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing the profit amounting to AED 50,858,428 [for the three-month period ended 30 November 2021 (Unaudited) AED 44,561,203] for the three-month period ended 30 November 2022 (Unaudited), by the weighted average number of shares outstanding during the three-month period ended 30 November 2022 of 755,494,505 shares (three-month period ended 30 November 2021: 750,000,000 shares).

The Group has not issued any instruments which would have a dilutive impact on earnings per share when exercised.

**21 FAIR VALUE MEASUREMENT**

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash and cash equivalents and fees and other receivables. Financial liabilities consist of interest-bearing loans and borrowings, trade and other payables and debenture payables.

The fair value of interest-bearing loans and borrowings bear commercial rate of interest which gets re-priced at regular intervals and approximates its carrying amount. For debentures payable, the Group's management assessed the fair value using the discounted cash flow analysis and reflected such value as at the reporting date. The fair value of the other financial assets and liabilities approximate their carrying values at the end of the reporting period largely due to the short-term maturities of these instruments.

**22 IMPACT DUE TO COVID-19**

The coronavirus outbreak since early 2020 has brought about additional uncertainties in the Group's operating environment and continue to impact the Group's operations. The Group continues to closely monitor the impact of the developments on the Group's business and has put in place contingency measures, as required. These measures include amongst others communication plans with students, term fee discounts, waiver on application fees, flexible payment plans, introduction of various online classes facilities and measures to safeguard the welfare of the Group's employees' and students at the Group's premises.

During 2021-22 and until date of authorisation of these interim condensed consolidated financial statements, the Group has not witnessed a significant impact on the fee collections from the students and its operations. The Group will keep these contingency measures under review as the situation is evolving, the effect of the outbreak is by nature subject to significant levels of uncertainty, with full range of possible effects unknown. This will be periodically revisited and revised, for any adverse impact.

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**23 CORPORATE INCOME TAX**

The UAE Ministry of Finance, released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses on 9 December 2022 to enact a new corporate tax regime in the UAE which will become effective for accounting periods beginning on or after 1 June 2023. The Group's management is currently evaluating the financial impact of levy of corporate tax on its operations.