

Alef Education Sustains Strong Growth in 2024, Achieves Revenues of AED 759M with EBITDA Surging 5%

- Net Profit before tax rises to **AED 491.7 million** on the back of stable revenue performance, with margin expansion increasing to **65%**.
- EBITDA surged by **5%** year-on-year to reach **AED 512.2 million**, reaffirming Alef Education's solid financial foundation and resulting in an EBITDA margin of **67.5%**, reflecting our market-leading profitability profile.
- Revenues reach **AED 759 million**, driven by the resilience of long-term B2G contracts and a rapidly expanding B2B presence.
- B2B segment recorded impressive growth, doubling its market share of private schools in the UAE.
- Shareholder returns remain a top priority with a minimum guaranteed payout of **AED 135 million** for its **20% free-float shareholders** in each financial year **2024 and 2025**. In Q3 2024, AED 67.5 million was distributed to free-float investors, bringing the total dividends paid to AED 203.6 million. This implies an interim dividend for free-float shareholders of AED 0.05 per share, with the current dividend yield reaching approximately 8.7%.

Abu Dhabi, UAE, 13 February 2025:

Alef Education Holding Plc (Alef Education), an award-winning AI-driven learning solutions provider based in Abu Dhabi, has announced its financial results for the period ending 31 December 2024, marking the third set of results since its ADX debut in June 2024.

Alef Education reported a 6% increase in profit before tax to AED 491.7 million, driven by a solid revenue foundation from long-term contracts and a focus on achieving significant cost efficiencies throughout its operations.

Reinforcing its leading position as a trusted partner for governments and private schools in the UAE and beyond, Alef Education's suite of innovative bespoke education solutions continues to garner strong demand. A key driver of the Company's revenues, which rose to AED 759 million, is the long-term investment-grade contract with the Abu Dhabi Department of Education and Knowledge (ADEK). The contract—extended by three years in November 2024—will now continue to provide reliable revenue until 2033. The strategic contract provisions for a minimum of 80,000 students with a fixed fee per student. In addition, it allows Alef Education to charge for actual student numbers above the minimum threshold, providing a clear path for potential increment in revenues.

Alef Education's strategic focus on cost-cutting and operational efficiency resulted in significant savings, pushing EBITDA to AED 512.2 million, a 5% year-on-year increase. The Company's targeted cost-control initiatives, which include streamlining processes and optimising resource allocation, have been pivotal in achieving this growth. EBITDA margin stood at an impressive 68%, well above industry benchmarks, while its net profit margin reached 65%, underscoring the success of its disciplined approach to cost management and strategic focus on profitability.

Geoffrey Alphonso, Chief Executive Officer of Alef Education, commented: *"Our strong performance in 2024 underscores the resilience of our business model and the sustained demand for our innovative learning solutions. Revenue growth continues to be driven by strategic, long-term partnerships, including our extended agreement with ADEK, our newly secured contracts with two UAE government clients, and expanding collaborations across both government and private sectors in key markets."*

These alliances, coupled with our innovative solutions, position us for continued market expansion and creating significant value for our stakeholders. This success is further reinforced by our unwavering focus on operational efficiency and disciplined cost management, resulting in strong EBITDA and net profit growth. Looking ahead, we are committed to seizing new opportunities for expansion, both organically and through strategic partnerships. Alef Education is also dedicated to delivering value to its shareholders through a strong dividend program, ensuring attractive returns while continuing to make a meaningful impact on students globally."

Strong profitability performance bolstered by stable revenue base and new government contracts

On a like-for-like basis, excluding 2023 financial investment income related to an investment portfolio, which was discontinued at the end of 2023, the Company recorded a 6% increase in profit before tax amounting to AED 491.7 million in 2024 compared to AED 463.6 million in the previous year. This translates to a profit before tax margin of 65%, up by three percent compared to 2023, and remains substantially above industry benchmarks. Robust top-line performance and continuous cost management led to a 5% increase in EBITDA to AED 512.2 million in 2024. In comparison, costs declined by 5% to AED 280 million, down from AED 294.6 million last year.

The Company is dedicated to driving revenue growth, and its strong outlook is supported by new opportunities. Revenue is expected to witness a substantial boost from three newly secured government contracts in the UAE, with a total value of around AED 40 million. These contracts, focused on developing and delivering personalised educational content, further strengthen Alef Education's strategic relationships with government clients. These recent wins underscore the Company's commitment to enhancing its value proposition and deepening collaboration with key strategic partners within the B2G segment.

Paid user growth and continuous innovation in product development fuel operational excellence

The Company demonstrated strong operational performance in 2024 fuelled by significant contract wins and a remarkable two-fold increase in B2B product sales. Notably, the number of paid schools in the UAE doubled from 82 to 167 this year. This expansion translates to increased market penetration, with private sector revenues expected to contribute an even larger share in the coming period

To meet the elevated demand for its dynamic product range, Alef Education is actively developing new product variants of Alef Pathways and launching additional content and learning resources for its Arabic learning products. Further product development during the period included collaboration with MetaMetrics® to launch Miqyas Al Dhad, an Arabic reading scale to improve the literacy skills of grade 1-12 Arabic speakers.

During the reporting period, Miqyas Al Dhad successfully signed seven memorandums of understanding (MOUs) with multiple ministries of education and government entities in the Arab world and is currently in advanced discussions with several others. The project has reached 77% overall completion, achieving a 100% completion rate for the item bank development. Field testing was done in nine countries: the United Arab Emirates, Jordan, Iraq, Morocco, Egypt, Oman, the Kingdom of Saudi Arabia, Lebanon, and Libya. The initiative has successfully onboarded 103,000 students and 40 million texts have been extracted, covering approximately 84% of the initiative's text-sourcing goal. The field testing of Miqyas Al Dhad will conclude by the end of February 2025, while the target launch date is the third quarter of 2025.

Committed to maximising shareholder value, driving scale and boosting earnings growth through a targeted and focused growth strategy

Alef Education has placed a strong emphasis on securing contract extensions with key clients. The recent three-year contract extension with ADEK provides significant revenue visibility until 2033, provisioning for a minimum of 80,000 students with a fixed fee per student. In addition to these efforts, Alef Education is actively exploring opportunities to expand its offerings beyond the current grades served. The goal is to increase its student base by providing its core platform to a broader range of educational levels.

The B2G and Partnerships segment made significant progress, securing two government contracts in the last quarter of 2024: one with Al Ain Football Club for AED 3.8 million and another with Abu Dhabi Civil Defence Authority for AED 5.1 million over the life of their contracts. The Company also expanded into Morocco, supporting the Education Reform Plan 2022-2026, where it signed a contract to deliver an innovative Arabic language program to 50,000 students and 2,500 teachers across 300 schools. In addition, an MOU was signed with Egyptian publishing house Nahdet Misr—one of the largest in the region—to collaborate across several key regions in the GCC, Levant and North Africa.

2024 marked a key milestone for Alef Education. Its successful entry into the education market in the Kingdom of Saudi Arabia aligned with the Group's strategy of targeting markets that share linguistic, cultural, and pedagogical similarities to its core UAE market. The Company's business development teams are also actively pursuing opportunities in Egypt and Saudi Arabia, positioning Alef Education for further rapid expansion in these key markets.

Alef Education is executing a dynamic, multi-pronged growth strategy to serve the expanding B2G and B2B markets in the UAE while positioning itself as a global leader in EdTech. The Company is driving organic growth by expanding its product portfolio, securing high-impact B2G contracts with ministries of education and governmental initiatives across several geographies, and fortifying its presence in identified B2B markets.

To strengthen its position in the B2B segment, Alef Education is developing personalised solutions for schools and school groups, building distribution and reseller networks, and forging strategic partnerships. The Company is also intensifying its sales and marketing efforts to expand in the B2B market. It aims to significantly grow in the private school market by introducing new subjects and catering to younger students. Having already captured a 25% to 30% market share in the UAE, Alef Education is committed to deepening its presence in this rapidly expanding sector.

Alef Education's strong, un-levered balance sheet, healthy financial foundation, and robust cash flow generation support all these efforts and provide the flexibility needed to fuel sustainable growth.

In addition to driving growth, Alef Education's solid financial foundation enables the Company to deliver exceptional value to its shareholders through a robust and transparent dividend policy. Upholding the commitment made during its IPO, Alef Education guarantees its 20% free-float investors with a minimum dividend payout of AED 135 million for each financial year FY2024 and FY2025 - to be distributed on a semi-annual basis. In Q3 2024, AED 67.5 million was distributed to free-float investors, bringing the total interim dividends for all shareholders paid to AED 203.6 million. With a dividend yield for free-float shareholders reaching approximately 8.7% based on the recent share price levels, Alef Education continues to offer one of the most attractive returns in the market, reinforcing its focus on maximising shareholder value.

AED millions	2024	2023	% Change
Revenues	759.0	749.5	1.3%
Expenses (excluding depreciation & amortisation)	246.8	260.6	(5.3%)
EBITDA¹	512.2	488.9	4.8%
<i>EBITDA Margin</i>	67.5%	65.2%	+230 bps
Profit before tax¹	491.7	463.6	6.1%
<i>Profit before tax margin</i>	64.8%	61.9%	+290 bps

¹ EBITDA and net profit before tax for financial year 2023 exclude income from financial assets carried at fair value through profit or loss; portfolio has been discontinued and disposed of at the end of 2023.

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About Alef Education

Founded in 2016, Alef Education (ALEFEDT on the Abu Dhabi Stock Exchange) is an award-winning AI-powered learning solutions provider that is redefining the educational experience for K-12 students. The Company has established a strong presence in the education technology sector, operating in approximately 7,000 schools across the UAE, the US, Indonesia and Morocco. Its flagship AI-integrated Alef Platform offers personalised learning experiences to more than 1.1 million registered students, enabling them to work at their own pace and reach their full potential anytime, anywhere. With a 100% penetration rate in Cycle 2 (Grades 5-8) and Cycle 3 (Grades 9-12), Alef Education has a proven track record of improving student engagement and achievement, with test scores in Indonesia increasing by 8.5% in Arabic and maths.

The award-winning Alef Platform provides AI-powered learning and teaching solutions that use real-time data to drive improvements across the education system. Alef Pathways is a student-centred, self-paced supplemental math program. Abjadiyat is an Arabic language learning platform that provides engaging and interactive content from kindergarten to Grade 4. Arabits is a complete Arabic learning system for non-native speakers that helps students of all ages learn, practice, and improve their Arabic language skills using AI.

Alongside supporting students throughout their educational journey, Alef Education supports 50,000 educators with tools that enrich instruction and enable high-impact interventions to improve student learning outcomes. Alef Education promotes engagement, achievement and equity in learning, preparing students for success in an ever-evolving world.

For more information, visit www.alefeducation.com.

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