Alef EDUCATION
ألف للتعليم

Symbol: ALEFEDT | Exchange: ADX



Q3 2026

Management Discussion and Analysis

For the period ended 30 September 2026

Alef Education Holding PLC
Q3 2026 Results

Revenue Growth, Sector-Leading Profitability & Margins, and Sustained Shareholder Returns

Alef Education Holding PLC (ADX: ALEFEDT) announced its financial results for the nine-month period ended 30 September 2026, delivering revenue growth of 5.7% YoY and sector-leading profitability, underpinned by a recurring revenue model and a debt-free balance sheet. The Group's AI-powered platform demonstrated continued resilience through a dynamic regional environment with higher user engagement across all segments while generating robust cash flows, reinforcing the strength and durability of Alef Education's business model.

Financial Highlights

- Revenue reached AED 605.3 million (+5.7% YoY), driven by 40.7% growth in Support and Services revenue predominantly from IT set-up fees at the start of the new academic year.
- EBITDA increased to AED 428.3 million (+2.5% YoY) at a 70.8% margin (9M 2025: 73.0%), reflecting disciplined cost control alongside continued platform investment.
- Net Profit increased to AED 385.4 million (+5.7% YoY), with net profit margin stable at 63.7%, supported by higher EBITDA, lower amortisation and higher treasury income.
- Earnings per share increased to Fils 5.51 (9M 2025: Fils 5.21), reflecting continued accretive profit growth.
- Cash and bank balances of AED 429.6 million (includes AED 350 million short term deposits) on a debt-free balance sheet, after AED 436.8 million of dividends paid in the period.
- Paid the H1 2026 interim dividend of AED 212.8 million (Fils 3.04 per share) alongside the FY2025 final dividend of AED 224.0 million.

Operational Highlights

- Ranked No. 1 EdTech company in the Middle East and Africa and 13th globally in the TIME World’s Top EdTech Companies 2026 list, published with Statista.
- Introduced Alef AI for Teachers (including Toki Studio, Magic Buttons and Generative Apps) within an expanded professional learning programme supporting 2,300 teachers ahead of the AY2026–27.
- Expanded Alef Pathways for 2026–27 across Science (now in Arabic and English), Arabic Reading and English Reading, with new PIRLS and TIMSS guides for teachers.
- Enhanced classroom tools for teachers, including Present Mode and live classroom analytics, and announced new student learning experience improvements, including the New Core Learning Experience, for the new academic year.

Chief Executive Officer

"The first nine months of 2026 demonstrate the strength and versatility of what we have built at Alef Education. Our platform proved its resilience through a dynamic regional environment, and we delivered revenue and profit growth while maintaining sector-leading margins. With strong Q4 seasonality ahead and momentum across all four growth pillars, we are confident in our ability to deliver sustainable, profitable growth and attractive returns to shareholders in 2026 and beyond."

- Geoffrey Alphonso

During the first nine months, we made steady progress across all four strategic growth pillars. The ADEK partnership remained the stable core, with 9M revenue of AED 584.1 million and a contracted revenue backlog of approximately AED 5.4 billion through 2033, providing a recurring public-sector base with long-term visibility. In B2B and B2G, our active contracts continued to contribute, supported by a widening government pipeline across the GCC and emerging markets and deeper product and government engagement, including the launch of Alef AI for Teachers. The Private Schools segment entered the AY2026-27 in its reactivation cycle, with the active base expected to rebuild through Q4. Miqyas Al Dhad advanced commercially, completing a proof of concept with the Sharjah Private Education Authority and progressing to final-stage discussions with two education authorities. We enter the final quarter with momentum across all four pillars and clear visibility into 2026 and beyond.

Chief Financial Officer

"9M 2026 reflects the consistent financial quality of our business. We delivered revenue and profit growth of 5.7% while sustaining sector-leading margins and ended the period with a debt-free balance sheet and AED 429.6 million in cash and bank balances. This financial strength allows us to keep investing with discipline, return capital to shareholders, and pursue opportunities that meet our standards for long-term value creation."

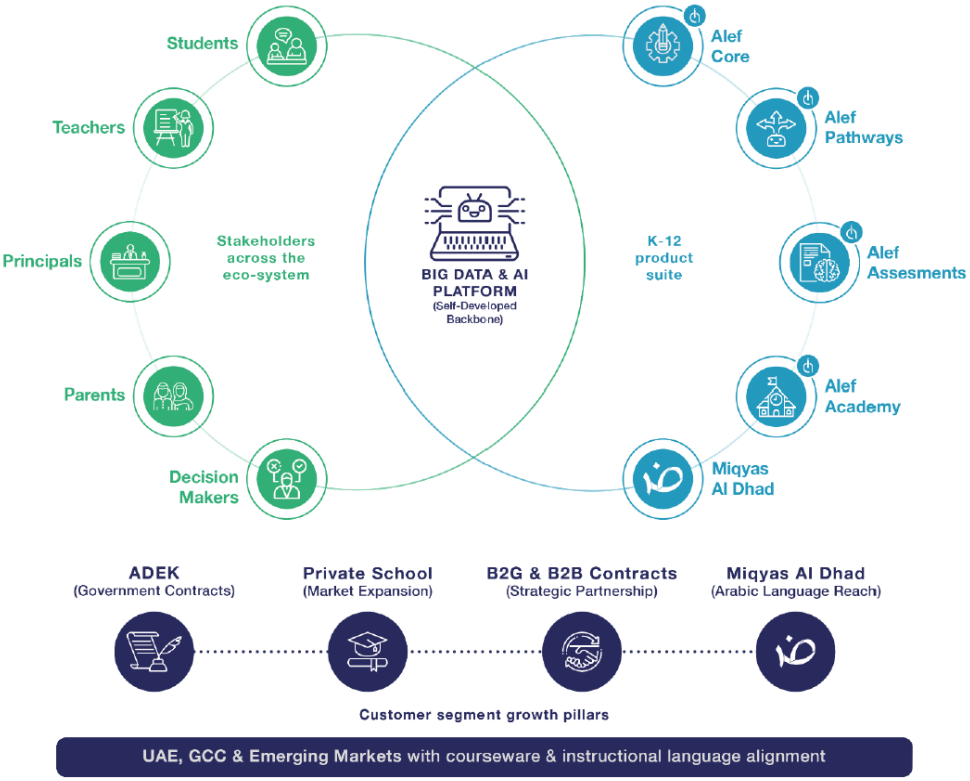
- Amit Choudhary

A key focus during the period was maintaining cost efficiency while supporting growth. Total expenses amounted to AED 197.3 million, up 7.0% versus 9M 2025, mainly reflecting higher support and services costs linked to the growth in IT set-up revenue, partly offset by lower amortisation following the revision of the useful life of content intangible assets. Salaries and other benefits remained broadly stable at AED 83.7 million (9M 2025: AED 84.2 million).

The Group maintained disciplined working capital management during the period, with debtor days of 80 at 30 September 2026 (Q3 2025: 102 days), even as trade receivables rose with the higher IT set-up billing recognised at the start of the new academic year. Capital expenditure of AED 47.3 million (9M 2025: AED 45.1 million) remained focused on platform development and innovation, new content and products across the pathways and assessment product lines and Miqyas Al Dhad, consistent with the Group's asset-light investment approach.

During the period, the Group paid total dividends of AED 436.8 million, comprising the FY2025 final dividend of AED 224.0 million approved by shareholders at the Annual General Meeting on 31 March 2026, and the interim dividend of AED 212.8 million (Fils 3.04 per share) approved by the Board of Directors on 5 August 2026, reflecting the Board's confidence in the Group's sustained earnings trajectory and commitment to attractive shareholder returns.

Business Model



Alef Education operates an asset-light, AI-powered K-12 learning platform that delivers personalised digital learning solutions to government entities, institutional clients and private schools, in the UAE and international markets. The Group generates revenue through four segments: ADEK, B2B and B2G, Private Schools, and Miqyas Al Dhad. Long-term contracts, high customer retention and a differentiated proprietary platform underpin these segments.

The Group's revenue model is designed for stability and scalable growth. The ADEK partnership, contracted through 2033, provides a dependable base of recurring revenue. B2B, B2G and Private Schools contribute growth through geographic expansion, cross-selling and the adoption of new products. Miqyas Al Dhad, the Group's patented Arabic language proficiency tool, built on the MetaMetrics® "Powered by Lexile®" framework, is its next growth opportunity, with ongoing commercial discussions underway with education authorities in the region.

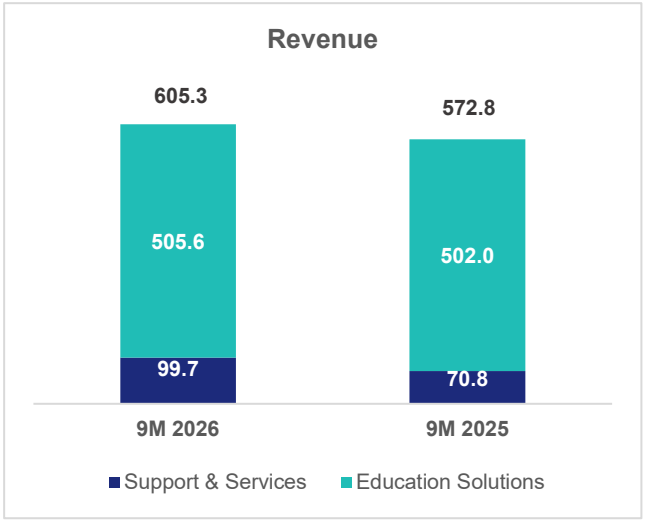
Financial Highlights

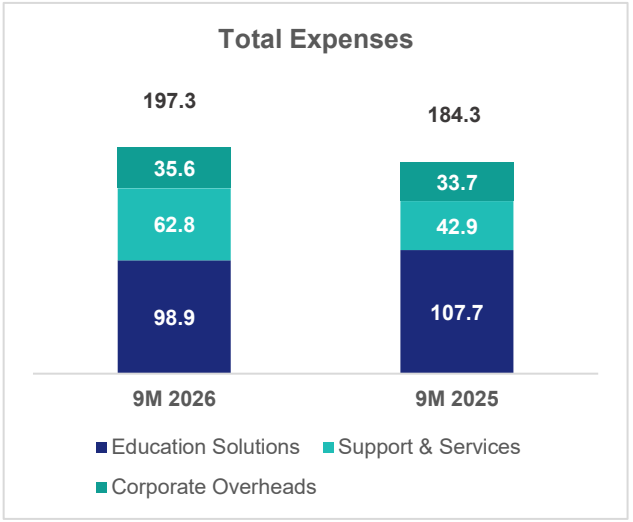
Statement of comprehensive income for the three-months and nine-months periods ended 30 September 2026

In AED Million	9M 2026	9M 2025	Change (%)	Q3 2026	Q3 2025	Change (%)
Revenue	605.3	572.8	5.7%	243.8	215.5	13.1%
Operating Expenses	(177.0)	(154.8)	-14.4%	(85.7)	(65.5)	-30.8%
EBITDA[1]	**428.3**	**418.0**	**2.5%**	**158.1**	**150.0**	**5.4%**
EBITDA margin (%)	***70.8%***	***73.0%***	***-220 bps***	***64.9%***	***69.6%***	***-470 bps***
Depreciation and amortisation	(17.9)	(26.7)	32.6%	0.5	(8.5)	105.3%
Lease expenses (Interest and depreciation)	(2.3)	(2.9)	19.8%	(0.7)	(1.0)	28.0%
Interest income	15.4	12.3	25.4%	5.9	5.0	18.0%
Profit before tax	**423.5**	**400.7**	**5.7%**	**163.8**	**145.5**	**12.5%**
Income tax	(38.1)	(36.0)	-5.7%	(14.8)	(13.1)	-12.5%
Net profit	**385.4**	**364.7**	**5.7%**	**149.0**	**132.4**	**12.5%**
Net Profit margin	***63.7%***	***63.7%***	***0 bps***	***61.1%***	***61.4%***	***-30 bps***
Earnings per share	Fils 5.51	Fils 5.21	5.7%	Fils 2.13	Fils 1.89	12.5%

[1]EBITDA is earnings before interest, tax, depreciation, amortization and lease expenses (interest and depreciation on right of use assets)

Group Revenue and Expenses





The Group generated revenue of AED 605.3 million in 9M 2026, a 5.7% increase from AED 572.8 million in 9M 2025. Education solution fees were AED 505.6 million (+0.7% YoY), while Support and Services revenue increased 40.7% to AED 99.7 million, driven by IT set-up fees of AED 60.8 million (9M 2025: AED 32.7 million) recognised from the start of the new academic year in September, reflecting both higher student numbers and an inflation-linked increase in IT device pricing passed through to clients. Q3 2026 revenue increased 13.1% YoY to AED 243.8 million, supported by continued execution under the ADEK partnership and expanding engagement across the B2B and B2G segments.

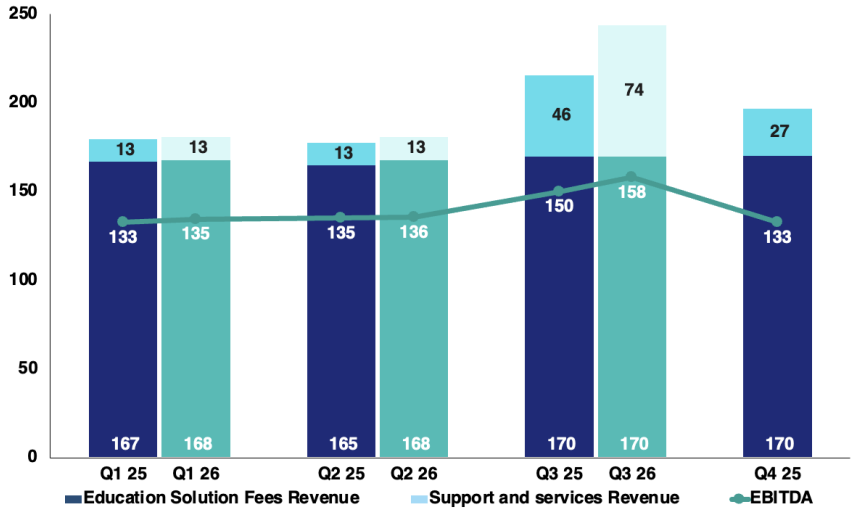
Total expenses, including depreciation, amortisation and lease expenses, amounted to AED 197.3 million, up 7.0% versus AED 184.3 million in 9M 2025, primarily driven by higher support and services expenses aligned with the growth in IT set-up revenue, with the increase in IT device costs recovered through the pricing passed through to clients. This was partly offset by lower amortisation of AED 16.6 million (9M 2025: AED 25.2 million), following the revision of the useful life of content intangible assets from four years to the remaining term of the contract with the customers.

Group Profitability

EBITDA increased to AED 428.3 million (+2.5% YoY) at a margin of 70.8%. The margin movement reflects the higher mix of Support and Services revenue, which carries associated IT set-up costs, with the increase in device costs recovered through inflation-linked pricing passed through to clients, while the asset-light platform model continued to scale.

Net profit grew 5.7% YoY to AED 385.4 million, with net profit margin stable at 63.7% (9M 2025: 63.7%), supported by higher EBITDA, lower amortisation and treasury income of AED 15.4 million (+25.4% YoY), reflecting better utilisation of the Group's cash position. Earnings per share increased to Fils 5.51 (9M 2025: Fils 5.21), demonstrating consistent accretive profit growth.

Seasonality of business



The Group's revenue profile is subject to seasonal patterns. Education solution fees are broadly stable quarter on quarter. Support and Services revenue is weighted toward the H2 of the year, as IT set-up fees are recognised at a point in time from the start of the new academic year in September through 31 December. IT set-up fees of AED 60.8 million were recognised in Q3 2026 (Q3 2025: AED 32.7 million). As a result, revenue, EBITDA margin and net profit margin vary between interim periods and are not necessarily indicative of the full-year result.

Customer segments

The Group's revenue is generated across four distinct customer segments, providing diversified exposure across government, institutional, and private school in UAE and international markets.

ADEK:

- ADEK contract secured through 2033 with a revenue backlog of ~ AED 5.4 B, providing long-term revenue visibility and a stable public-sector revenue base.
- 9M 2026 ADEK revenue of AED 584.1 M, underlining the resilience of the contracted base.
- Platform adoption across Abu Dhabi public schools continues building toward and beyond the contracted minimum student guarantee.
- An inflation-linked increase in IT setup fees, which enabled the group to recover the related cost increase, together with higher student numbers, drove the 40.7% growth in Support and Services revenue.

B2B & B2G:

- 5 active contracts with a revenue backlog of ~AED 20.9 M to be recognised in future periods, providing medium-term revenue visibility across domestic and international markets.
- Expanded the Alef AI professional learning programme to 2,300 teachers, while the Microsoft AI collaboration & marketplace is supporting government opportunities
- B2G and B2B contracts secured till date continue their revenue contribution, with a widening government pipeline across GCC and emerging markets like Africa & Central Asia, reflecting strong momentum.

Customer segments (Continued)

Private Schools:

- Entered the AY2026-27 with schools confirming enrolment and student accounts being reactivated through Q4. Current base of ~111 schools and ~103k active student subscriptions reflects reactivation to date, not the full-year position.
- Strong commercial momentum, with new school wins, active cross-sell and upsell to existing clients, and a growing pipeline through marketplace and platform rollouts.
- Full-year active students and school base expected to rebuild materially in Q4 as enrolment confirms, carrying momentum into the new academic year.

Miqyas Al Dhad:

- Core components complete and ready, with the final text-analyzer validation in progress.
- Completed a proof of concept with the Sharjah Private Education Authority (17,000 students, 54 schools) and progressed to final-stage commercial discussions with two education authorities.

Outlook

Alef Education enters the final quarter of 2026 with resilient revenue visibility and a debt-free balance sheet. The Group's platform-based model proved its resilience through a dynamic regional environment earlier in the year, reinforcing management's confidence in the durability of its recurring revenue base.

The ADEK partnership remains the stable core, contracted through 2033 and providing long-term public-sector revenue visibility. In B2B and B2G, the Group's active contracts continue to contribute, supported by a government and international pipeline that management expects to convert over the medium term. The Private Schools segment is weighted toward the final quarter, with the active base reactivating for the AY2026-27 as schools confirm enrolment. Miqyas Al Dhad continues to advance commercially, with discussions ongoing with education authorities in the region.

Underpinning this is a debt-free balance sheet with AED 429.6 million in cash and bank balances, providing the capacity to invest with discipline and pursue opportunities aligned with the Group's long-term value creation objectives. EBITDA and net profit are expected to grow in line with revenue and continued cost discipline, while maintaining investment in platform enhancements and product innovation.

Chairman

Chief Executive Officer