



## MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED  
31 DECEMBER 2025

# Alef Education Holding PLC

## FY 2025 Results

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### Sustained Growth Through Innovation, Backed by Resilient Revenue and Industry Leading Margins.

Alef Education Holding Plc (ADX: ALEFEDT) announced its financial results for the year ended 31 December 2025, reporting solid year-on-year growth in revenue and profitability, driven by the successful execution of new contracts.

#### Financial Highlights

- Revenue increased to AED 769.5 million (+1.4% YoY), supported by stable ADEK revenues and growth in B2B and B2G with 8 new contracts signed with a total value of AED 64.4 million.
- EBITDA rose to AED 550.7 million (+6.7% YoY), with margins improving to 71.6% (+360 bps YOY) driven by cost discipline and tighter operational management.
- Net Profit increased to AED 481.1 million, up AED 33.6 million (+7.5% YoY), with margin expansion to 62.5% (+350 bps YoY).
- Product development expenditure was significantly reduced to AED 59.4 million (from AED 123.5 million in the prior year), reflecting efficiency gains and prioritization, while continuing to deliver cutting edge solutions to support the Group's long-term growth strategy.
- Working capital remained strong, supported by improved collections and payables management, resulting in cash of AED 619.5 million.
- The Group maintained a debt-free balance sheet, providing flexibility to self-fund expansion.
- The Group committed to a guaranteed FY 2025 dividend of AED 135 million to market shareholders, payable in two equal installments, with AED 67.5 million paid in August 2025 and AED 67.5 million scheduled for April 2026, subject to requisite approvals.

#### Operational Highlights

- The development of Miqyas AI Dhad close to completion, with internal validation in progress and launch planned for Q1 2026. This will position the Company to enable growth with a new revenue stream in Arabic Language learning.
- Two major international awards, “2025 CODiE Award for Best Science Instructional Solution (Grades K–8)” and “Best Digital Educational Resource/Product at the GESS Education Awards 2025” reinforcing Alef Education's role as a pioneer in AI-driven learning solutions.
- The group has been successful in developing the following AI tools in education:
  - **AI Tutor:** A curriculum-aligned AI Tutor that supports students in real time by answering questions, translating, explaining concepts, summarizing content, and providing step-by-step hints when students struggle.
  - **AI-Driven Exam Preparation:** An AI-powered, curriculum-based exam preparation experience with targeted practice and mock exams to build confidence and exam readiness.
  - **AI-Powered Question Generation:** Fast, standards-aligned question generation across difficulty levels and item types, delivering high-quality, assessment-ready content at scale.

## Chief Executive Officer

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*“Alef Education delivered a solid full-year performance in 2025, supported by disciplined execution and the strength of its core UAE operations. The Group sustained strong profitability and margin expansion while maintaining a debt-free balance sheet. Progress during the year included expansion across Abu Dhabi public schools under the ADEK partnership, broader engagement in private and non-school B2B and B2G segments, and advancement of international initiatives. Product development also progressed, with Miqyas Al Dhad completing large-scale field testing ahead of its planned launch in the first quarter of 2026.” Geoffrey Alphonso*

During the year, we made tangible progress across our strategic growth pillars. B2B and B2G activities gained strong momentum, supported by new contract wins and expanding international government engagement. The Private Schools segment continued to scale, driven by high customer retention, strong academic-year momentum, and increased market penetration. We also advanced our innovation agenda through initiatives such as Miqyas Al Dhad, positioning Alef Education as a regional leader in Arabic language literacy assessment. With a scalable platform, strong partnerships, and a clear strategic roadmap, Alef Education is well positioned to expand its impact across the education ecosystem.

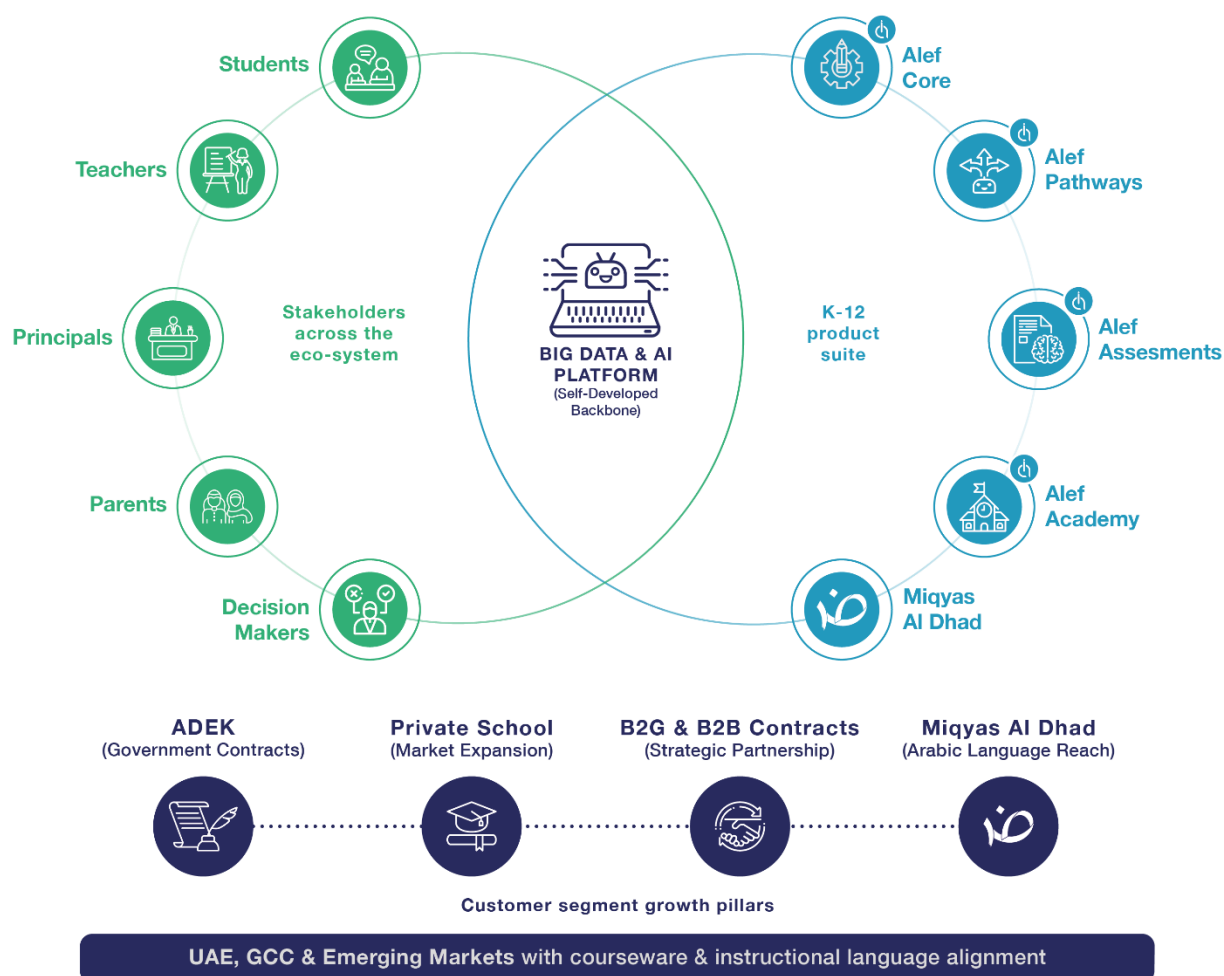
## Chief Financial Officer

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*“FY 2025 reflected strong profitability, margin expansion, and disciplined capital management. The Group delivered EBITDA growth of 6.7% year-on-year, alongside continued improvement in margins, reflecting operating leverage and sustained cost discipline. Net profit increased by 7.5%, supported by higher EBITDA and stronger interest income, while maintaining a conservative and resilient financial profile.” Amit Choudhary*

A key focus during the year was cost efficiency and capital discipline. Total operating expenses declined by 9.9% year-on-year, driven by cost optimization while continuing targeted investment in platform enhancements and innovation. The Group maintained a debt-free balance sheet and a strong cash position, supported by disciplined working capital management and improved collections. In line with our commitment to shareholder returns, we remain committed to distributing AED 135 million for FY2025, including an interim dividend of AED 67.5 million paid in August 2025. Looking ahead, Alef Education will continue to strengthen its scalable platform, innovation-led portfolio, and strategic partnerships to drive sustainable growth and long-term value creation.

## Business Model



Alef Education continues to strengthen its ecosystem of educational solutions, designed to address the needs of diverse stakeholders across the education sector which are being served by Company's portfolio that includes proprietary innovations, such as Miqyas Al Dhad, a patented tool for evaluating Arabic language proficiency, and the Alef Academy, a dedicated platform for professional development of educators. Additional offerings, including learning pathways, assessment platforms, and tailored core products, further reinforce Alef Education's position as a provider of end-to-end educational solutions.

This ecosystem backed by stakeholders enables Alef Education to expand through 4 key growth pillars namely ADEK, B2G & B2B, Private Schools and Miqyas Al Dhad by disciplined input of financial, institutional and stakeholder capital to drive short to long term value creation across UAE, GCC and other emerging markets with courseware and instructional language alignment. This integrated approach backed by proprietary platform differentiates the Company in the market, delivering a unique value proposition with limited direct competition.

# Financial Highlights

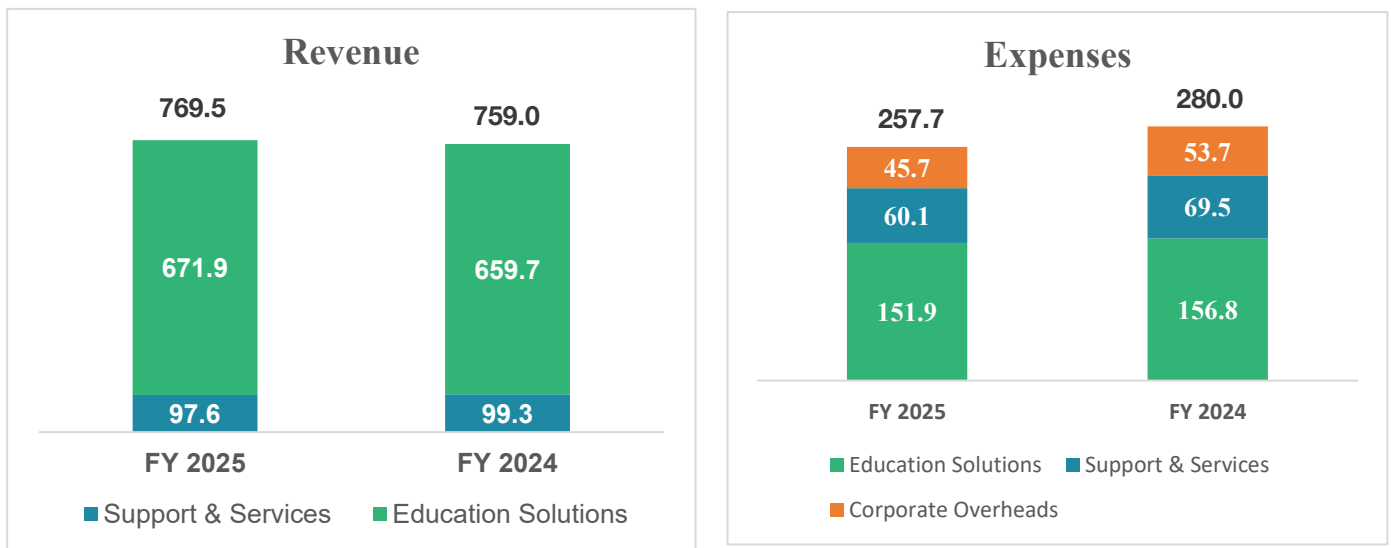
## Statement of comprehensive income for the year ended 31 December 2025 (in AED million)

	FY 2025	FY 2024	Change (%)
Revenue	769.5	759.0	1.4%
Operating Expenses	(218.8)	(242.9)	9.9%
<b>EBITDA<sup>1</sup></b>	<b>550.7</b>	<b>516.1</b>	<b>6.7%</b>
<b>EBITDA margin (%)</b>	<b>71.6%</b>	<b>68.0%</b>	<b>+360 bps</b>
Depreciation and amortisation	(35.2)	(33.2)	-6.0%
Lease expenses (Interest and depreciation)	(3.7)	(3.9)	5.1%
Interest income	16.8	12.7	32.3%
<b>Profit before tax</b>	<b>528.6</b>	<b>491.7</b>	<b>7.5%</b>
Income tax	(47.5)	(44.2)	-7.5%
<b>Net profit</b>	<b>481.1</b>	<b>447.5</b>	<b>7.5%</b>
<b>Net Profit margin</b>	<b>62.5%</b>	<b>59.0%</b>	<b>+350 bps</b>
Other Comprehensive loss	(0.9)	-	-100%
Earnings per share	Fils 6.87	Fils 6.39 <sup>2</sup>	7.5%

<sup>1</sup>EBITDA is earnings before interest, tax, depreciation, amortization and lease expenses (interest and depreciation on right of use assets)

<sup>2</sup>Earnings per share for FY 2024 is Fils 8.42 calculated based on weighted average effect of period from the date of incorporation of the Company and year ended 31 December 2024. For comparison basis, earnings per share of Fils 6.39 (FY 2024) is calculated assuming the entire 7 billion shares were issued for the full period.

## Group Revenue and Expenses



In FY 2025, the Group generated revenue of AED 769.5 million, reflecting a 1.4% YoY increase from AED 759.0 million in FY 2024.

- Revenue growth was driven by the signing of new B2G, B2B, and private school contracts, partially offset by cyclical asset refresh.
- Education Solutions performance was supported by stable ADEK school revenues and continued momentum across other growth pillars, with 8 new contracts secured in FY 2025 representing a total contract value of AED 64.4 million.
- Total expenses, including depreciation, amortisation, and lease expenses, decreased to AED 257.7 million, down 8.0% YoY (AED 22.3 million), reflecting cost discipline while maintaining selective investment in platform enhancements.

## Group Profitability

EBITDA increased by 6.7% YoY to AED 550.7 million in FY 2025 (FY 2024: AED 516.1 million), with EBITDA margin expanding to 71.6% (FY 2024: 68.0%), supported by higher revenues from new contracts and continued cost discipline.

Net profit rose by 7.5% YoY to AED 481.1 million in FY 2025 (FY 2024: AED 447.5 million), with net profit margin improving to 62.5% (FY 2024: 59.0%), driven by stronger EBITDA and higher interest income, partially offset by increased corporate tax.

## Customer segments

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The Education Solutions and Support & Services segments have been further disaggregated into four distinct customer categories to provide enhanced visibility into the Group's performance and revenue mix.

### ADEK:

- The long-term ADEK agreement has been extended through 2033, providing strong visibility over stable and recurring revenues.
- The Group continues to deliver digital education solutions for Grades 5–12 across government-funded schools in Abu Dhabi, reinforcing its strategic partnership with ADEK.
- The partnership supports the UAE's education digitisation agenda, strengthening Alef Education's position as a key provider of technology-enabled learning solutions.
- Approximately 4,000 students were onboarded during the period through the Charter Schools migration initiative in Abu Dhabi.
- Total students on the Alef platform increased to ~73,000, with a clear trajectory toward exceeding the minimum guaranteed student base of 80,000.

### B2B & B2G:

- The Group continued to expand its regional and international footprint through tailored platform and content solutions for government and institutional clients.
- Development of a marketplace platform progressed, leveraging Alef Education's access to UAE schools to enable direct engagement between partners and students.
- Commercial momentum strengthened in FY 2025, with B2B & B2G revenues doubling year-on-year compared to FY 2024.
- During the year, 8 new contracts were signed with a total contract value of AED 64.4 million, enhancing medium-term revenue visibility across both domestic and international markets and strong pipeline of growth opportunities across UAE & international markets.
- International government engagement advanced across Morocco, Indonesia, and Senegal, aligned with national digital education transformation agendas.

### Private Schools:

- Alef Education serves private schools across the UAE and select international markets, supported by effective upselling and cross-selling of flagship and supplementary products across multiple grade levels.
- Revenue increased by ~50% YoY, reflecting strong momentum across the academic year.
- The platform expanded to 183 private schools and approximately ~122K paid student accounts, representing an estimated 36% share of the UAE private-school market.
- Adoption by leading education groups, including Shola Group, Victoria Group, and Emirates National Schools, further strengthened Alef Education's presence in the private education sector.



## Miqyas Al Dhad:

- Miqyas Al Dhad, a joint venture with MetaMetrics®, is a groundbreaking Arabic language proficiency initiative launched in 2024 to transform teaching, learning, and literacy across the region.
- A strategic collaboration with Alef Education was established to strengthen and scale Arabic literacy assessment solutions.
- A MoU was signed to launch a Proof of Concept covering approximately 30,000 students across 45 schools, spanning Grades 1–12.
- The first commercial contract was secured in the UAE ahead of launch, structured as a multi-year engagement across multiple schools. Further, it is supported by a strong pipeline expected to drive growth into 2026.
- Market visibility and thought leadership were strengthened through participation in key conferences and targeted media engagement, reinforcing Miqyas Al Dhad's leadership position in Arabic language literacy.

## Outlook

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Alef Education is well positioned to sustain long-term profitable growth, supported by its scalable, asset-light, AI-driven platform. The Company remains focused on regional expansion, new geographies, and strategic partnerships, while maintaining profitability through disciplined execution. Future investments will be innovation-led, unlocking new business opportunities and avenues for scale and impact.

Alef Education's differentiated position in the EdTech landscape enables it to meet the evolving needs of learners and educators through personalized, AI-enabled solutions and a flexible, cloud-native platform. Backed by dedicated implementation teams, Alef Education continues to strengthen its role as a trusted, end-to-end education solutions provider, delivering scalable and adaptable learning experiences across diverse markets.



Chairman



Chief Executive Officer



The Consolidated Financial Statements for the year ended December 31, 2025 are available through the following link on Alef Education's website: <https://www.alefeducation.com/financial-information>.

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### **Alef Education overview**

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 17,000 schools across the UAE, Indonesia, Morocco, and the Kingdom of Saudi Arabia. Its flagship AI-integrated Alef Platform offers personalised learning experiences to more than 1.8 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 more than 79,000 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](http://www.alefeducation.com).