



Symbol: ALEFEDT  
Exchange: ADX



# MANAGEMENT DISCUSSION AND ANALYSIS

# Q1

FOR THE PERIOD ENDED  
31 MARCH 2026

# Alef Education Holding PLC

## Q1 2026 Results

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### Sector-Leading Margins, Operating Resilience, and Disciplined Capital Returns

Alef Education Holding PLC (ADX: ALEFEDT) announced its financial results for the three-month period ended 31 March 2026, delivering sector-leading profitability and sustained margin expansion, underpinned by a resilient recurring revenue model and a strengthened balance sheet.

### Financial Highlights

- Revenue reached AED 180.8 million (+0.6% YoY), supported by the Group's contracted ADEK partnership and continued growth across B2B, B2G, and Private Schools.
- EBITDA grew to AED 134.6 million (+1.4% YoY), with margin expanding to 74.5% (+60 bps YoY), driven by cost discipline and operational leverage.
- Net Profit increased to AED 118.1 million (+2.5% YoY), with net profit margin of 65.4% (+120 bps YoY).
- A robust cash position of AED 675.6 million on a debt-free balance sheet continues to generate growing returns and provides full flexibility for strategic deployment.
- FY2025 dividend payments of AED 433.0 million representing 90% of FY2025 net profit were completed in full, including a guaranteed dividend of Fils 9.64 per share distributed to 20% market shareholders, delivering an approximate 10% dividend yield.
- At the AGM on 31 March 2026, shareholders approved an interim dividend of 90% of H1 2026 net profit, payable post H1 2026 results.

### Operational Highlights

- An independent efficacy study confirmed students on the Alef Platform scored significantly higher across all five assessed subjects.
- The Platform proved essential during regional disruption, as the shift to distance learning across UAE schools drove a significant increase in teacher and student engagement by 44% and 19% respectively.
- Marketplace and platform rollouts are advancing contract discussions across B2B, B2G, and Private Schools, with a strong pipeline expected to convert in upcoming quarters.
- Platform content expanded materially, including Arabic Reading (Grades 3–10), enhanced Arabits and Abjadiyat, and a new comprehensive Arabic assessment.
- Alef Education named 'Best Educational Platform' at the Kuwait Award for Educational Technology Conference and Exhibition 2026.
- MOU signed with AfricAI to launch 'NextGen Learning Nigeria,' marking a significant step in the Group's international expansion.

## Chief Executive Officer

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*“Q1 2026 demonstrated the true resilience of our platform. When regional disruption prompted a shift to distance learning across UAE public and private schools, Alef responded seamlessly — driving a significant rise in teacher and student engagement and ensuring education continued without interruption. This is precisely what our technology was built for. Looking ahead, we are encouraged by the momentum building across our UAE, international markets and the early commercial progress of Miqyas Al Dhad, and we remain focused on converting that pipeline into sustainable long-term growth.”*

- Geoffrey Alphonso

During the quarter, we made tangible progress across all four strategic growth pillars. Our ADEK partnership continues to deliver at scale, with student numbers on track to exceed 80,000 — above the minimum guaranteed threshold. B2B and B2G activities gained strong momentum, supported by new contract wins and expanding international government engagement. The Private Schools segment continued to scale, with UAE market share reaching 37% and multiple deals already executed for academic year 2026-27. We also advanced our innovation agenda through Miqyas Al Dhad, positioning Alef Education as the regional leader in Arabic language literacy assessment.

## Chief Financial Officer

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*“Q1 2026 reflects the financial quality of our business, sector-leading margins, growing profitability, and a debt-free balance sheet with AED 675.6 million in cash. Our capital position is a strength, providing us the flexibility to invest with discipline, return value to shareholders, and pursue opportunities that meet our standards for long-term value creation.”*

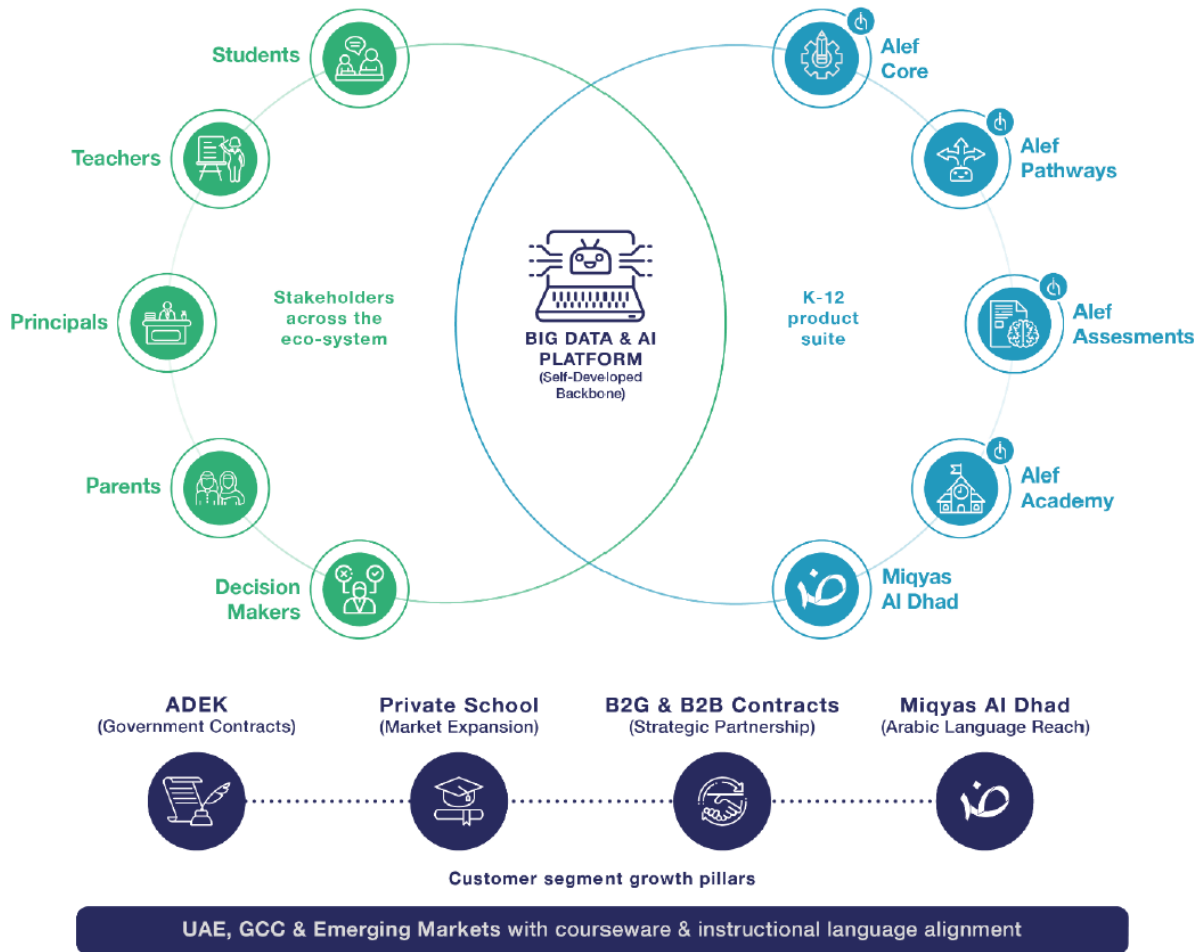
- Amit Choudhary

A key focus during the quarter was maintaining cost efficiency while supporting growth. Total expenses remained broadly flat at AED 56.6 million, reflecting disciplined cost management alongside continued investment in platform enhancements and innovation.

The Group delivered a strong improvement in working capital efficiency during Q1 2026, with debtor days reducing to 89 days from 193 days in Q1 2025, reflecting enhanced receivables management. Capital expenditure of AED 12.0 million remained focused on platform development and innovation, consistent with the Group's asset-light investment approach.

FY2025 dividend payments of AED 433.0 million representing 90% of FY2025 net profit were completed in full, including a guaranteed dividend of Fils 9.64 per share distributed to 20% market shareholders, delivering an approximate 10% dividend yield. At the Annual General Meeting held on 31 March 2026, shareholders approved the distribution of an interim cash dividend equivalent to 90% of the Group's profits for the first half of the financial year ending 31 December 2026, payable following the public release of the H1 2026 consolidated financial statements reflecting shareholder confidence in the Group's sustained earnings trajectory and commitment to attractive returns.

# Business Model



Alef Education operates an asset-light, AI-powered K-12 learning platform, delivering personalised digital education solutions to government entities, institutional clients, and private schools across the UAE and international markets. The Group generates revenue through four distinct segments — ADEK, B2B and B2G, Private Schools, and Miqyas AI Dhad — underpinned by long-term contractual arrangements, high customer retention, and a proprietary platform with limited direct competition.

The Group's revenue model is designed for stability and scale. The ADEK partnership, contracted through 2033, provides a guaranteed recurring revenue base, while the B2B, B2G, and Private Schools segments drive incremental growth through geographic expansion, cross-selling, and new product adoption. Miqyas AI Dhad, a joint venture with MetaMetrics®, represents the Group's next frontier — a patented Arabic language proficiency tool with active commercial discussions underway across multiple Ministries of Education in the region.

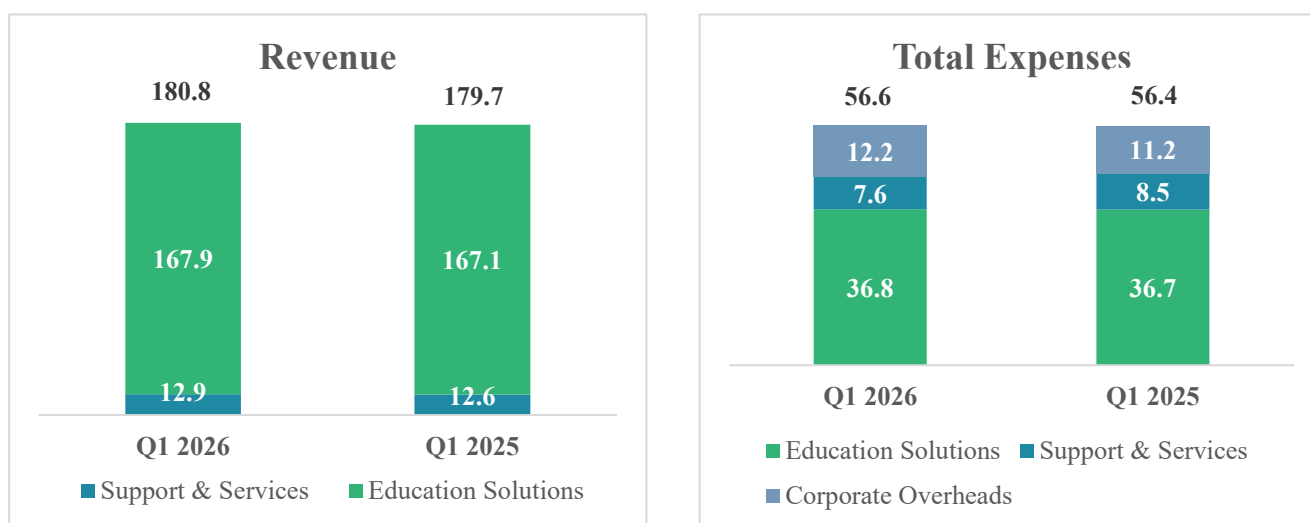
## Financial Highlights

### Statement of comprehensive income for the period ended 31 March 2026 (in AED million)

	Q1 2026	Q1 2025	Change (%)
Revenue	180.8	179.7	0.6%
Operating Expenses	(46.2)	(46.9)	1.5%
<b>EBITDA<sup>1</sup></b>	<b>134.6</b>	<b>132.8</b>	<b>1.4%</b>
<b>EBITDA margin (%)</b>	<b>74.5%</b>	<b>73.9%</b>	<b>+60 bps</b>
Depreciation and amortisation	(9.5)	(8.6)	-10.8%
Lease expenses (Interest and depreciation)	(1.0)	(0.9)	-1.2%
Interest income	5.7	3.4	67.2%
<b>Profit before tax</b>	<b>129.8</b>	<b>126.7</b>	<b>2.5%</b>
Income tax	(11.7)	(11.4)	-2.5%
<b>Net profit</b>	<b>118.1</b>	<b>115.3</b>	<b>2.5%</b>
<b>Net Profit margin</b>	<b>65.4%</b>	<b>64.2%</b>	<b>+120 bps</b>
Earnings per share	Fils 1.69	Fils 1.65	2.5%

<sup>1</sup>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 180.8 million in Q1 2026, a 0.6% increase from AED 179.7 million in Q1 2025. Revenue growth was supported by continued execution under the ADEK partnership and expanding engagement across B2B, B2G, and Private Schools segments. Other revenue segments continued to grow as a proportion of total revenue, reflecting the Group's ongoing progress toward a more diversified revenue base. It is worth noting that the Private Schools segment is structurally weighted toward Q3 and Q4, as contracts signed during the academic year are recognised upon commencement — making Q1 an inherently conservative revenue quarter.

Total expenses, including depreciation, amortisation, and lease expenses, amounted to AED 56.6 million, broadly flat versus AED 56.4 million in Q1 2025, reflecting the Group's disciplined cost management and the inherent operating leverage of its asset-light platform model.

## Group Profitability

EBITDA reached AED 134.6 million in Q1 2026, up 1.4% YoY, with margin expanding to 74.5%, reflecting the inherent operating leverage of the Group's asset-light platform model.

Net profit grew 2.5% YoY to AED 118.1 million, with net profit margin improving to 65.4% (+120 bps YoY), demonstrating the consistent earnings quality and resilience of Alef Education's business model.

## Customer segments

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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:

- Long-term partnership contracted through 2033 with a revenue backlog of ~ AED 5.7 billion, providing long-term revenue visibility and a guaranteed recurring revenue base.
- Core revenue of AED 174.4 million in Q1 2026, performing in line with the contracted base.
- Delivering personalised digital learning for Grades 5–12 across Abu Dhabi government schools.
- On track to exceed 80,000 students on the platform, expanding revenue beyond the minimum guaranteed threshold.

### B2B & B2G:

- 7 active contracts with a revenue backlog of ~ AED 42.9 million to be recognised in future periods, providing medium-term revenue visibility across domestic and international markets.
- Continued expansion of regional and international footprint through tailored platform and content solutions for government and institutional clients.
- Ongoing marketplace and platform rollouts advancing contract discussions across domestic and international markets, with a strong pipeline expected to convert in upcoming quarters.
- Independent study confirmed students using the Alef Platform scored significantly higher across all 5 subjects, underlining the Group's business proposition.

### Private Schools:

- Platform serving approximately 188 private schools and 223,000 active students in the UAE, with market share reaching 37%.
- Active cross-selling and upselling of flagship and supplementary products across existing clients.
- Multiple contracts executed for academic year 2026-27, with revenues expected to be recognised in Q3 and Q4 2026.

### Miqyas Al Dhad:

- Patented Arabic language proficiency assessment tool, developed through a joint venture with MetaMetrics®.
- First commercial contract currently under execution, with internal validation substantially completed.
- Active commercial discussions underway with multiple Ministries of Education and funding partners across the region.

## Outlook

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Alef Education enters the remainder of 2026 with resilient revenue visibility and improving commercial momentum across all four segments. The Group's platform-based model demonstrated strong resilience during regional disruption in Q1 2026, with distance learning activation driving higher engagement without any impact on revenue, reinforcing management's confidence in the FY2026 growth trajectory.

Revenue visibility is underpinned by a robust pipeline across each segment. The ADEK partnership is expected to remain broadly stable, with management actively pursuing further growth in student volumes while conservatively excluding any inflationary uplift in the base case. In B2B and B2G, a strong pipeline of opportunities across the UAE and international markets is expected to convert into profitable commercial contracts in upcoming quarters. The Private Schools segment continues to build momentum through market share gains in the UAE, supported by upselling additional products to existing schools and expansion into new grades. Miqyas Al Dhad continues to advance commercially, with active discussions ongoing across multiple Ministries of Education and funding partners in the region.

Underpinning this growth is a debt-free balance sheet with AED 675.6 million in cash, providing the financial 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, supported by new contract wins and continued cost discipline, while maintaining investment in platform enhancements and product innovation.



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**Chairman**



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**Chief Executive Officer**

The Consolidated Financial Statements for the period ended 31 March 2026, 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 over 19,000 schools across the UAE, Indonesia, and Morocco. Its flagship AI-integrated Alef Platform offers personalised learning experiences to approximately 2.0 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 over 84,000 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).