

## Alef Education delivers industry-leading profitability margins backed by strong revenue base and cost efficiencies in H1 2024

- H1 2024 Adjusted Profit before tax rises 7% to AED 249 million on the back of stable revenue performance, with margin expansion to 70% – substantially above industry benchmarks.
- Strong revenue base and focus on cost efficiencies boost Alef Education's market-leading EBITDA margin to 73%.
- Further organic expansion was achieved through a new confidential client contract in the UAE, an MOU with the Kenyan government, and a reseller partnership agreement with a regional partner, marking the Company's first entry into the Kuwait market.
- Continued pursuit of inorganic growth through a solid pipeline of potential M&A activities across target regions and focus areas.
- Alef Education remains committed to an AED 135 million dividend payout for its 20% free float investors, and has accordingly approved an AED 67.5 million payout for H1 2024, implying an interim dividend per share of c. AED 0.05, with the current dividend yield exceeding 8%.

Abu Dhabi, UAE – 30 July 2024:

Alef Education Holding Plc (Alef Education), an award-winning AI-powered learning solutions provider based in Abu Dhabi, has reported its financial results for the period ending 30 June 2024. It marks Alef Education's first set of results since its successful initial public offering on the Abu Dhabi Securities Exchange at the beginning of June 2024.

Alef Education reported a 7% increase in adjusted profit before tax to AED 249 million, powered by its strong revenue base from long-term contracts and an enhanced focus on realising greater cost efficiencies across its operations.

The Company's suite of cutting-edge bespoke education solutions garnered strong demand in the first half, reinforcing Alef Education's leading position as a trusted partner for governments and private schools in the UAE and beyond. A key cornerstone of the Company's revenues, which rose 1% to AED 354 million in the first half of 2024, is the consistent and sticky revenue from Alef Education's long-term contract with the Abu Dhabi Department of Education and Knowledge (ADEK). The contract provides significant revenue visibility and reliability over the next seven years (the number of years remaining on the current contract), and Alef Education has initiated discussions with ADEK to extend it for a further three years. The contract with ADEK provisions for a minimum of 80,000 students, with a fixed fee per student.

Reflecting its focus on prudent cost control, Alef Education made significant savings in the first half of 2024 due to major reductions in employee, software, legal, and professional spending, with expenses down 6% year-on-year. Alef Education's strong cost discipline coupled with stable revenue performance were critical in maintaining its outstanding adjusted EBITDA performance, which rose 4% year-on-year to AED 259 million. Its industry-leading adjusted EBITDA margin expanded by two percentage points to 73% in the first half.

**Geoffrey Alphonso, Chief Executive Officer of Alef Education**, commented: "Alef Education's solid first half results demonstrate our ability to consistently deliver robust financial performance, which is underpinned by the predictability and stability that stems from our long-term contracts and the confidence our partners have in our ability to improve educational outcomes. The Company's AI-powered products, which empower students to realise their potential, garner strong demand. We continue to harness cutting-edge technology to enhance our existing educational tools and create new bespoke solutions for our growing student and customer base. Our strong financial position and the stability of our contracts will enable the Company to continue building on its successful track record and

to pursue scale through organic and inorganic means that will deliver further earnings growth and maximise shareholder value.”

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

On a like-for-like basis, excluding H1 2023’s financial investment income related to an investment portfolio, which was discontinued at the end of 2023, the Company recorded a 7% increase in adjusted profit before tax for the first six months of AED 249 million compared to AED 233 million a year earlier. This translates to an adjusted profit before tax margin of 70%, up by 4 percentage points compared to H1 2023, and remains substantially above industry benchmarks. Robust top-line performance and continued cost management led to a 4% increase in Adjusted EBITDA to AED 259 million in the first half. In comparison, costs declined by 6% to AED 112 million.

The Company continues to hone its focus on driving revenue growth. Looking ahead, revenue growth is expected to intensify with the emergence of revenue from a new two-year confidential B2G client contract in the UAE, valued at AED 31 million, to build and deliver values-based Islamic content. These latest awards and continued efforts underscore Alef Education’s commitment to maximising value and capitalising on its deepening partnerships with its government-related client base.

### **Higher level of paid users and new product development drive operational excellence**

The Company maintained its operational excellence in the first half of 2024, converting 14% of its total 1.1 million users to paid users—151,000 across the Alef Education platform—driven by new contract wins and B2B product sales, which rose twofold during this period. In addition, an MOU signed with the government of Kenya during this period is expected to pave the way for commercial agreements in the future as the Company bolsters its B2G relationships beyond its core market.

To meet elevated demand for its dynamic product range, Alef Education is actively developing new product variants of its flagship Alef Pathways Math product and is launching additional content and learning resources on its Arabic learning products. Further product development in the first half included collaboration with MetaMetrics® to launch Miqyas Al Dhad, an Arabic reading scale to improve the literacy skills of K-12 Arabic speakers. In line with this strategy, H1 2024 saw higher capex spend on product development and the purchase of products to drive revenue growth and scale, including the acquisition of Arabits, an Arabic program for non-native speakers, and Abjadiyat, an Arabic program for young native speakers.

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

The strong demand for Alef Education’s initial public offering, which was 39 times oversubscribed, underscores investor confidence in the Company’s future growth and proven track record of improving educational outcomes in the communities it serves.

The first half of 2024 saw Alef Education mark its first entry into the Kuwait market, signing a distribution agreement with Aafaq Distribution Co., a leading provider of educational resources, in line with the Group’s strategy to target markets that share linguistic, cultural, and pedagogical similarities to its core UAE market. The Company also continued to focus on contract extensions with key clients, including a potential 3-year extension with ADEK. The contract with ADEK provisions for a minimum of 80,000 students, with a fixed fee per student. As of 2024, seven years remain in the contract, with plans to increase this to ten years following the extension, providing significant revenue visibility in the future.

Alef Education’s strategic growth plan is supported by an unlevered balance sheet and strong cash flow generation, enhancing its flexibility to tap attractive inorganic growth opportunities that drive scale. The Company has a sizeable pipeline of deals for the second half of 2024 and is in ongoing discussions with several governments to expand its offering across its high-growth target markets.

Alef Education is also intensifying its sales and marketing efforts to expand in the B2B market. It is looking to significantly grow in the private school market by introducing new subjects and catering to younger students. The Company has already captured a significant 58% market share of the UAE market, serving 232 of the 403 private schools in the UAE.

Complementary to growth, Alef Education benefits from a robust financial position, which paves the way for rewarding shareholders through its transparent and committed strong dividend policy. As announced during its IPO, the Company remains committed to paying out AED 135 million to its 20% free float investors and has accordingly approved an AED 67.5 million payout for H1 2024, implying an interim dividend per share of c. AED 0.05, with its dividend yield exceeding 8% at the current share price.

AED millions	H1 2024	H1 2023	% Change	Q2 2024	Q2 2023	% Change
<b>Revenue</b>	354	352	1%	178	176	1%
<b>Expenses</b>	112	120	(6%)	57	58	(3%)
<b>Adj. EBITDA<sup>1</sup></b>	259	249	4%	129	126	2%
<i>Adj. EBITDA Margin (%)</i>	73	71	+200 bps	73	72	+100 bps
<b>Adj. Profit before tax<sup>1</sup></b>	249	233	7%	124	119	4%
<i>Adj. Profit before tax margin (%)</i>	70	66	+400 bps	70	67	+300 bps

<sup>1</sup> Adjusted EBITDA and Profit for Q2 2023 and H1 2023 excludes income from financial assets carried at fair value; 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) is an award-winning AI-powered learning solutions provider that is redefining the educational experience for K-12 students and is listed on the Abu Dhabi Securities Exchange (ADX). 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](http://www.alefeducation.com).

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