

Alef Education

Q3 2024

Earnings Presentation



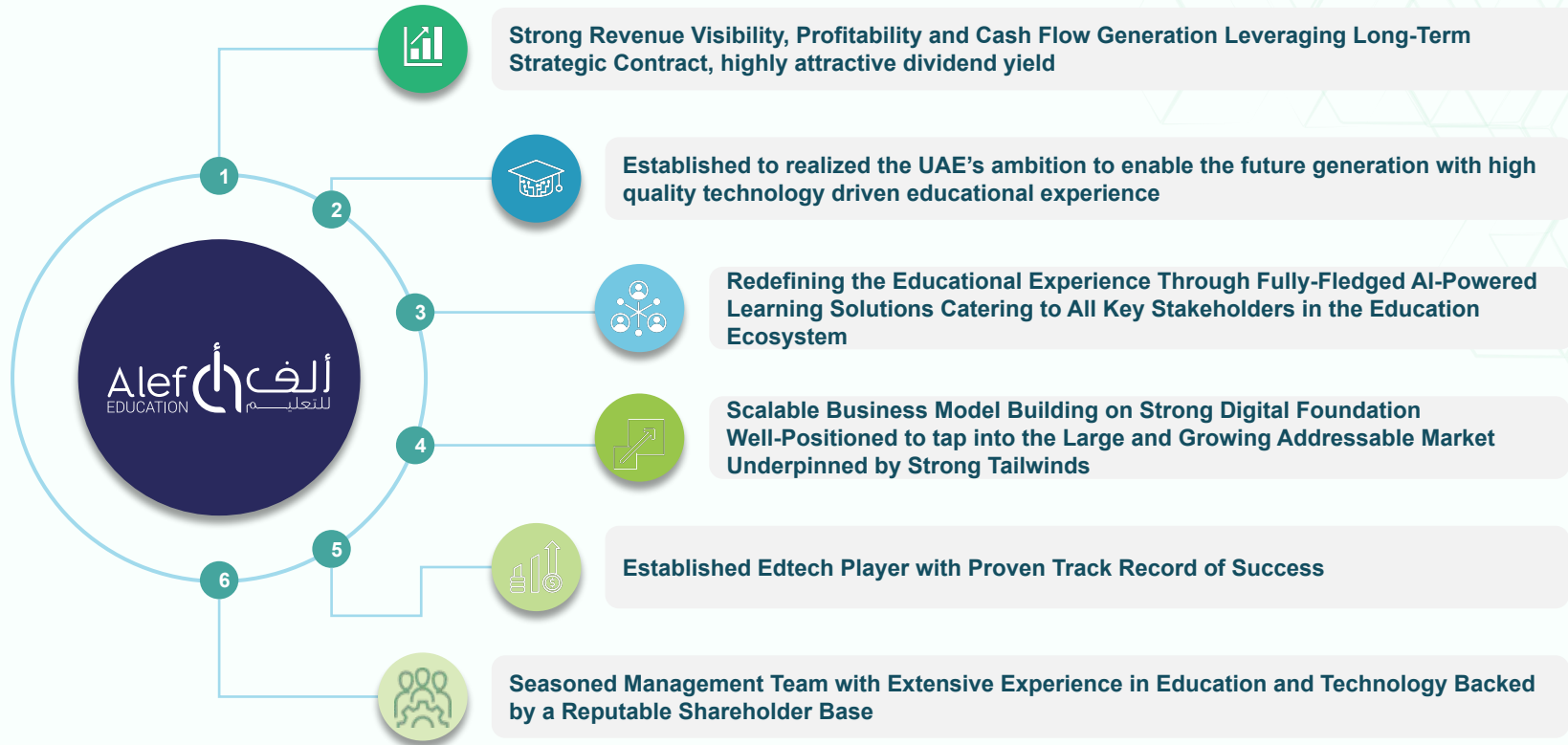
Forward Looking Statements



This presentation includes forward-looking statements. The forward-looking statements contained in this presentation speak only as of the date of this presentation. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the control of the Company and all of which are based on current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as “believe”, “expects”, “may”, “will”, “could”, “should”, “would”, “risk”, “intends”, “estimates”, “aims”, “plans”, “targets” “predicts”, “continues”, “assumes”, “positioned” “anticipates” “potential” or the negative thereof, other variations thereon or comparable terminology.

These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding intentions, beliefs and current expectations concerning, among other things, results of operations, financial condition, liquidity, prospects, growth, strategies, and dividend policy and the industry in which the Company operates. These forward-looking statements and other statements contained in this presentation regarding matters that are not historical facts as of the date of this presentation involve predictions. No assurance can be given that such future results will be achieved. There is no obligation or undertaking to update these forward-looking statements contained in this presentation to reflect any change in their expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so: (i) as a result of an important change with respect to a material point in this presentation; or (ii) by applicable laws of the UAE. Actual events or results may differ materially as a result of risks and uncertainties that the Company faces. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed, or implied in such forward-looking statements.

Key Investment Highlights



Executive Summary



Highlights & KPIs

Financial

Consistent and sticky revenue leveraging long-term strategic ADEK contract providing significant revenue visibility and reliability; slight increase in B2B and B2G revenue year-on-year

Robust cash flow generation even as capital expenditure on product development increases to fuel revenue growth, with an interim dividend of AED 204 million paid in the third quarter of 2024.

Strong cost discipline continuous operational efficiencies resulted in delivering a consistent **market leading EBITDA margin of 72%**. Adjusted EBITDA recorded AED 395M in 9M 2024, up 6% compared to the same period of last year; **strong like-for-like profit before tax** with 8% YoY growth

Operational

An active product development pipeline consistently **creating cutting-edge content and expanding a diverse range of product variants** for the flagship Alef Pathways product suite; launched **additional content** and learning resources on Arabic-learning products.

B2B segment - strong start to the academic year 24/25: In the UAE, we have doubled the number of paying schools to 164, up from 82, and increased the number of paying students by 76%; Arabic Language products and Pathways are enjoying strong traction, with contract renewal rates higher year on year.

UAE B2G segment: Sizeable pipeline with strategic clients, with two deals in the final stages with TCVs of around AED 100 million.

Alef Education has secured its **first contract in KSA**, laying the foundation for regional expansion plans.

Alef Education has also been **awarded an Arabic language contract in Morocco** that will cater to **50K students across 300 schools**.

Miqyas AI Dhad: Signed MOUs with several ministries of education and more are underway. Reached 71% of overall project readiness.

In advanced discussion post-qualification stage for various B2G mandates across focus geographies, with a significant pipeline value.

Strategic

Ongoing discussions with several governments to **expand offerings** in Alef Education's target markets; product development on B2B to expand offerings into more subject areas.

Substantial organic growth pipeline supplemented by a **strong dividend guarantee program** to drive shareholder value and returns; **dividend yield exceeding 8%—one of the highest in the market**—with AED 135 million dividend payout earmarked for free float investors in for FY2024 and FY2025, and a 90% payout ratio from 2025 onwards. The declining interest rate environment further crystallises the value generated to our shareholders.

Continued focus on **contract extensions and ECE expansion** with core clients, including the proposed ADEK 3-year extension, taking contract validity to 2033, ensuring clear revenue visibility and reliability. Continuous product development further solidifies our competitiveness for new contract awards.

Q3 2024 in Numbers

Revenue

AED 551M
+2.5%

Expenses

AED 182M
(5%)

Adj. EBITDA

AED 395M
+6%

Margin
72%

Adj. Profit BT

AED 379M
+8%

Margin
69%

Total Equity

AED 656M
28%

Total Debt
NIL

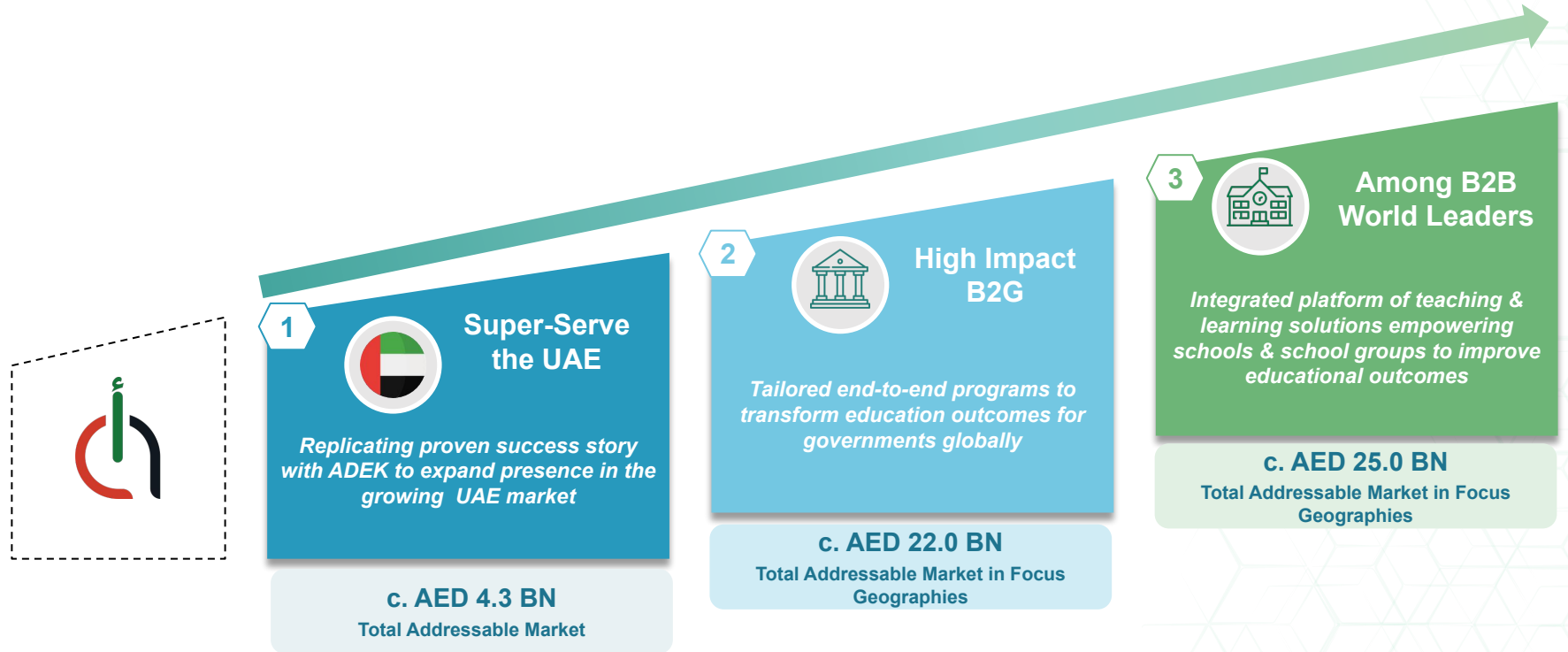


Business update

Achieving Growth Through a Well-Defined Strategic Roadmap



Alef's Strategy for Growth



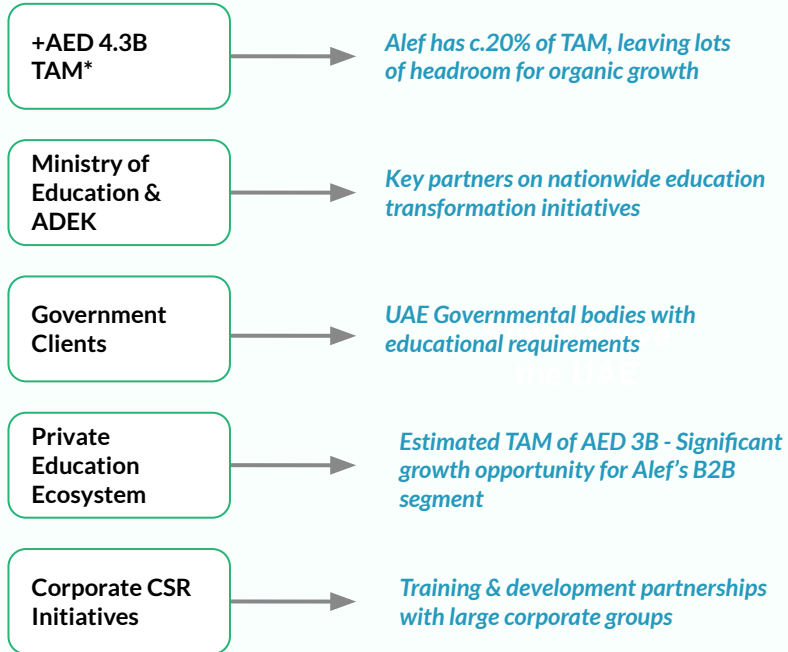


Super-serve the UAE

Super-serve the UAE - “Edtech Partner of Choice for the UAE”



The UAE offers significant growth potential



* Source: Company Information, Tyton Partners

B2G Leadership position maintained

ADEK

- Current students served c. 68K (minimum guaranteed revenue of 80K)
- Renewal currently in discussion to extend validity up to 2033 (offering 10 years stable revenue visibility)
- Actively pursuing identified expansions, beyond current scope (grades 5-12)

Other B2G contracts

- Alef has been awarded a new contract of a TCV of AED 31 million with a strategic UAE governmental entity for its educational requirements

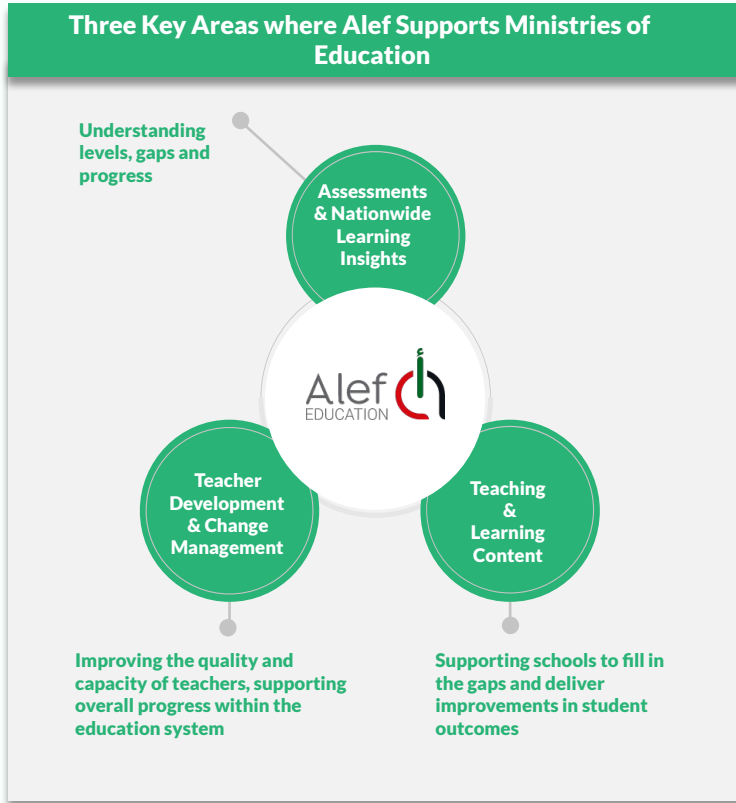
Significant growth in B2B customers



A teal-tinted background featuring a world map and a hexagonal grid pattern. In the center, two hands in business suits are shaking. The text "High Impact B2G" is overlaid in white.

High Impact B2G

High Impact B2G | Go To Market Plans



1 Generate Organic Leads

- Thought Leadership
- Marketing
- Direct Sales Team
- Events
- Partners

Concentrate on

- Arabic scale
- Personalized, data-driven education
- Teacher professional development

2 Work With UAE's Strategic Development Plans

- I Align with Government and Funding entities**
- II Support Trade Missions**

3 Monitor & Respond to Tenders

- I Subscribe to major portals**
- II Secure partner network**
- III Focus on key tenders like World Bank**

High Impact B2G | Key Progress on Miqyas Al Dhad (مقياس الضاد)



Operational Updates

- ❑ Appointed General Manager to lead the project
- ❑ Signed several MOUs with ministries of education, and in advanced discussions with others
- ❑ Held first advisory board
- ❑ Held several Expert committee meetings
- ❑ Achieved 71% completion of overall product readiness
- ❑ Showcased Miqyas Al Dhad at ICESCO (with >50 Ministers of Education) and Learn KSA
- ❑ Finalising Go To Market strategy for UAE, KSA, and Egypt
- ❑ Launched social presence & website



مقياس الضاد
Miqyas AlDhad

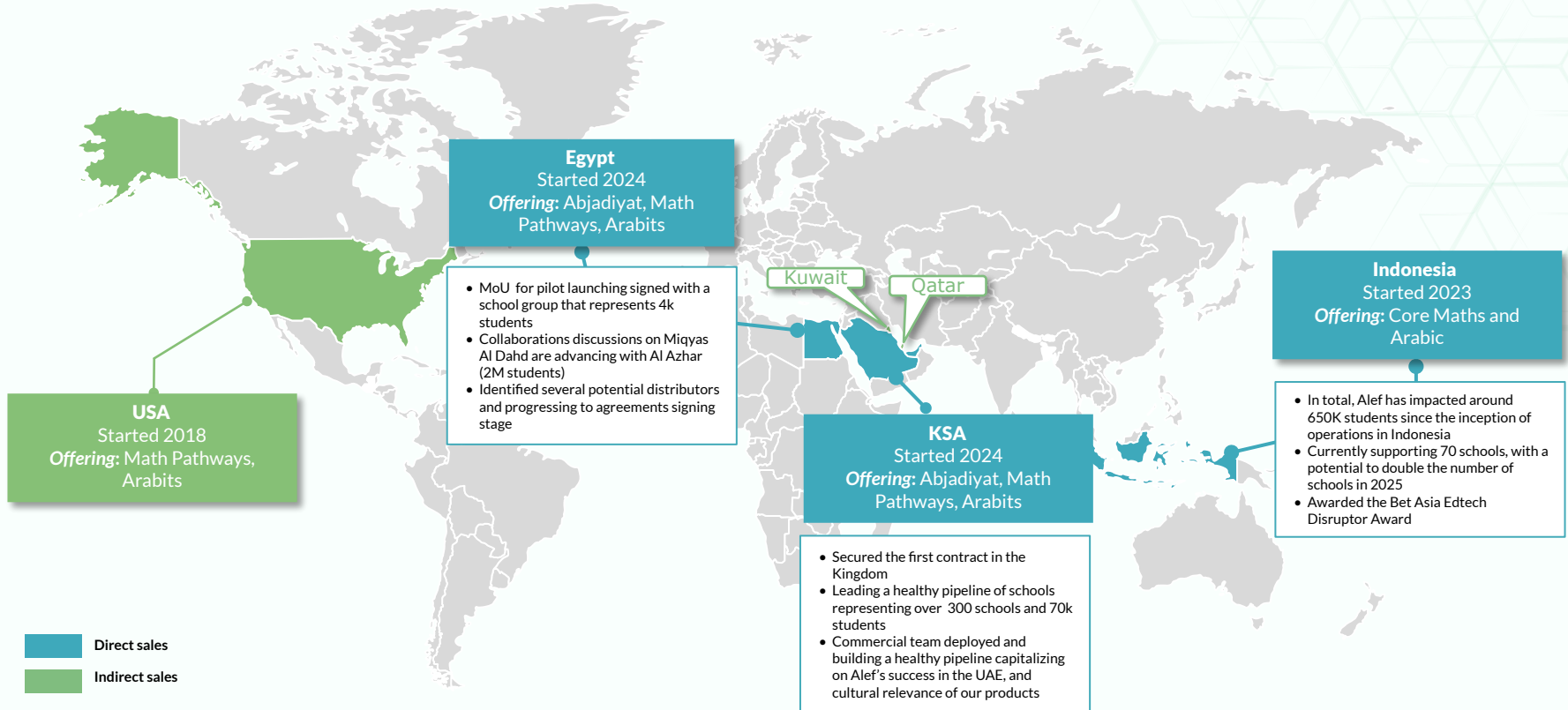
مقياس اللغة العربية - Arabic Language Measurement Framework
بتمويل من The Lexile® Framework - Powered by






B2B World Leader

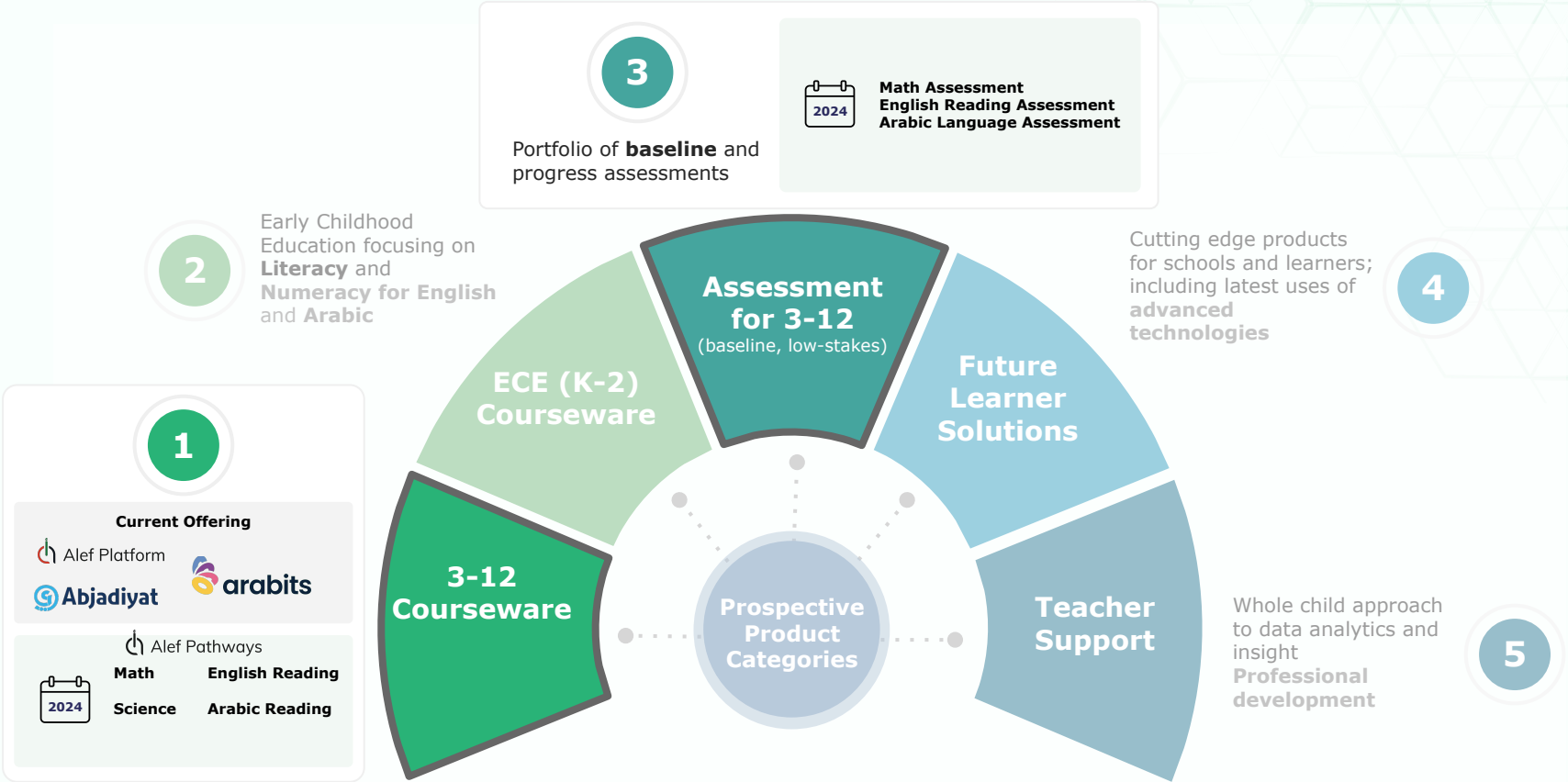
B2B Market | Where we are today?





**Market-leading,
Locally-relevant Product
Portfolio**

Core Products Offerings and Development Pipeline



Alef Next Generation Products | 2024 Development



Pathways

Assessment



Math

Coverage of foundational grades to grade 10



Science

Science Program targeting middle grades



English Reading

English Reading Program targeting middle grades



Arabic Reading

Arabic Reading Program targeting middle grades

Immersive reading experience for learner through a growing library resource



Math Assessments

Aligned with Map and Metametrics quantile measures



English Assessment

Aligned with Map and Metametrics lexile measures



Arabic Benchmark Assessment (4 Skills)

Currently in field testing

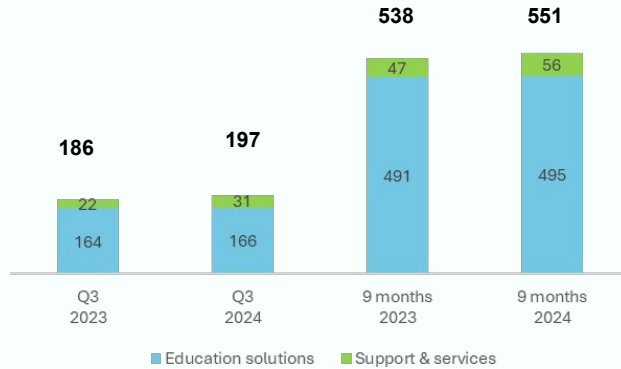


Financial overview

Financial Overview | Revenue & Expenses

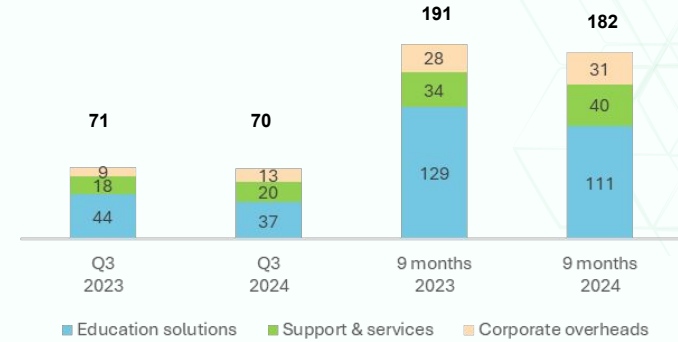


Revenue (AED mn)



- All revenue segments outperformed during 9 months 2024 compared to the same period of last year. Increase in student count serviced in B2G, new contracts and new B2B products launches boosted overall revenue performance.
- New Islamic content development contract signed in Q2 for AED 31 million revenue.

Expenses (AED mn)

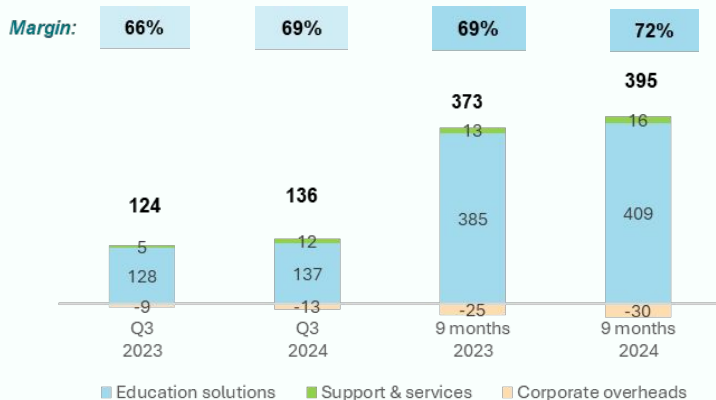


- Cost optimization initiatives and operational efficiency resulted in sizeable savings in overheads in 9 months 2024 reflecting optimized utilization of resources
- The increase in support services expense is a result of inflationary increases and acquisition of additional devices which are partially offset by revenue increment.

Financial Overview | Adjusted EBITDA & Profit before Tax

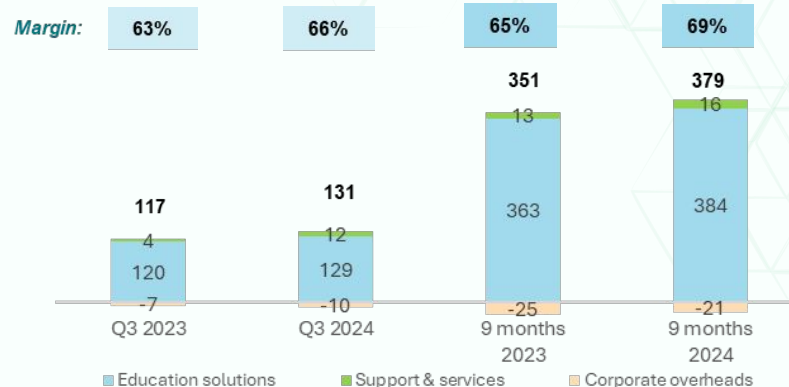


Adj. EBITDA* (AED mn)



- In 9 months 2024, EBITDA margin increased from 69% to 72%, driven by revenue growth and cost optimization.
- Q3 2023 EBITDA adjusted to exclude income from financial assets carried at fair value due to discontinuation and disposal of the portfolio in 2023.

Adj. Profit before tax* (AED mn)



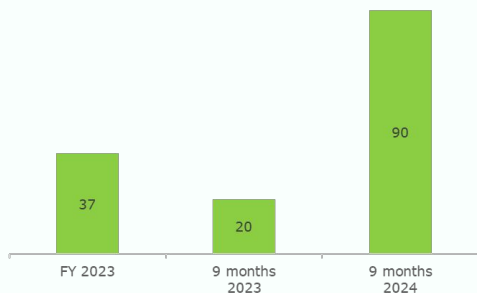
- Net profit margin registered 69% in 9 months 2024, up from 65% in the previous year, substantially higher than industry benchmarks.
- Treasury activities managed efficiently to generate higher passive interest income compared to last year resulting in an enhancement on the profit before tax level.

* EBITDA and Net Profit adjusted for non-recurring income from financial assets carried at fair value through profit or loss recorded in the prior period. This financial assets portfolio was disposed & discontinued in FY 2023.

Financial Overview | Capex, Total Assets & Liabilities



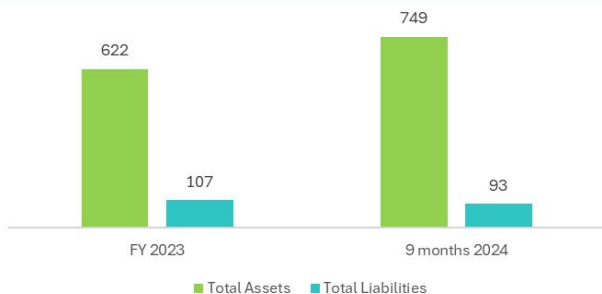
CapEx (AED mn)



Capex witnessed an increase in 9 months 2024, reaching AED 90 million, compared to AED 20 million in the comparable period of last year. The increase is primarily driven by the acquisition of intangible assets attributed to the acquisition of Arabits and Abjadiyat which was completed in Q1 2024. Furthermore, additional capex incurred for product development in line with our portfolio expansion plans.

- Purchase of Arabits for AED 35.3 million
- Purchase of Abjadiyat for AED 11.2 million
- Platform Capital work-in-progress and other ADEK content amounting to AED 38.1 million and Ongoing development of Miqyas Al-Dhad initiative amounting to AED 4.4 million

Total Assets & Liabilities (AED mn)



- The total assets in 9 months 2024 recorded AED 749 million out of which 79% is constituted by current assets despite increased capex of AED 89 million and dividend payout to shareholders of AED 204 million, that was executed in Q3 of 2024.
- Total liabilities 9M 2024 recorded AED 93 million. Alef Education remains debt free since inception. Our unlevered balance sheet coupled with our robust financial profile provides sufficient firepower to execute our growth ambitions & meet annual capex and dividend payment requirements.

Closing Remarks and Q&A



Solid Revenue Visibility

Strong revenue visibility leveraging strategic long-term B2G contract that provides reliable and steady income stream

Robust Financial Fundamentals

Alef Education boasts industry-leading profitability margins with a strong focus on operational efficiencies; the business maintains a 93% cash conversion rate, ensuring robust liquidity and financial resilience.

Additionally, Alef Education's unlevered balance sheet enables momentum for sustainable value creation.



Attractive Dividend Yield

Capitalising on strong financial performance and cash flow generation, Alef Education guarantees a dividend payout that yields ~8% for 2024 and 2025, and a 90% payout ratio from 2025 onwards. Alef Education's dividend program delivers one of the highest yields in the market.

Growth

Highly scalable business model building on strong digital foundation and successful project execution track record backed by a well defined organic and strategic growth strategy

Alef's Stock (ALEFEDT) | Snapshot



Commentary

- Free Float shareholder are guaranteed a minimum annual dividend of AED 135M for each FY24 & FY25, reflecting a guaranteed dividend of c. 10 Fils per share per annum, which translates into an investment yield of 7.4 to 8.7%, at the recent average trading levels of AED 1.15 to AED 1.35.
- The current yield is particularly attractive amidst the interest rate cuts environment, with the current 3-months EIBOR standing at 4.63%*
- Beyond 2025, Alef's dividend policy targets a payout ratio of 90%.
- Alef robust financial profile that delivers robust liquidity and minimal CAPEX requirements, ensures ample rooms for sustainable dividend distribution.

Alef's Dividend Guarantee | Yield vs. 3-months EIBOR



Share Overview

ALEFEDT
Ticker on the ADX

AED 1.19
Closing Price as at
30 Oct 2024

7,000,000,000
Number of Shares

AED 8.3 Billion
Market Cap

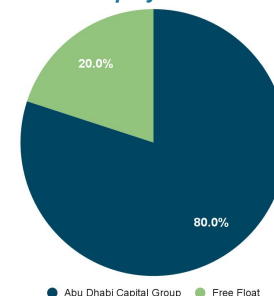
Shareholders Structure

Abu Dhabi | أبو ظبي
Capital Group | كابيتال جروب



Alef Education is backed by one of MENA's most prominent institutional investment groups operating a diversified portfolio across multiple industries and geographies

Deep understanding of the tech landscape, boasting a large portfolio of regional tech players



THANK YOU