

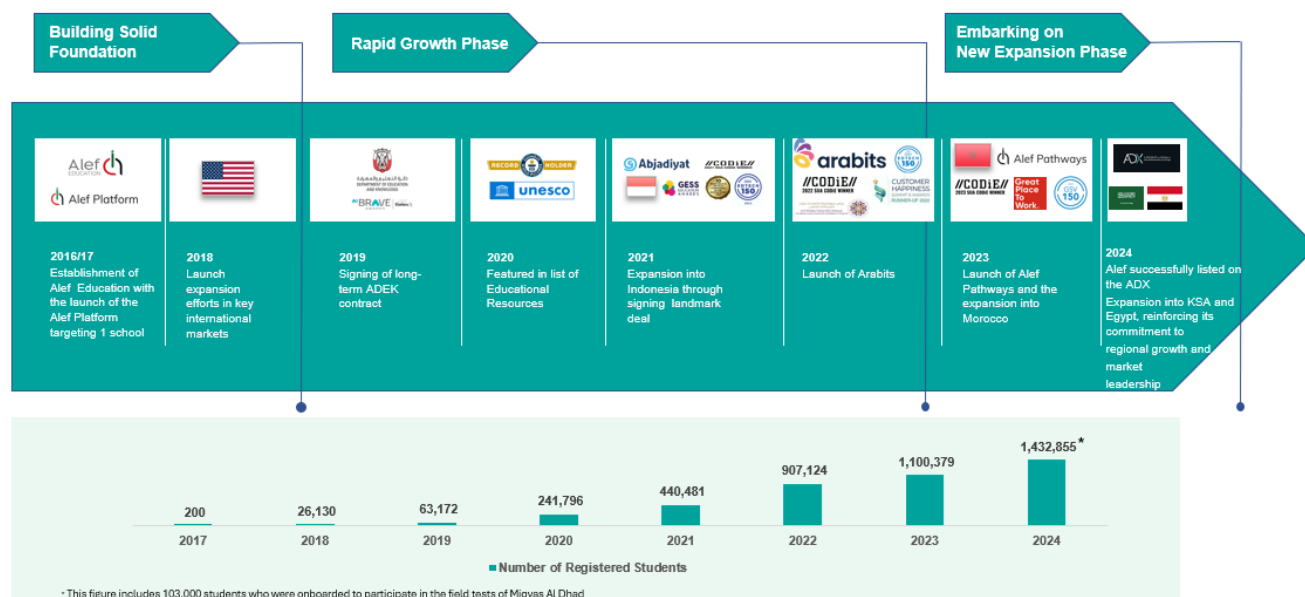
MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED 31 DECEMBER 2024



At a glance

Alef Education Holding PLC (“the Group”) is an award-winning AI-powered learning solutions provider that is redefining the educational experience for K-12 students. The Group has established a strong presence in the education technology sector, operating in approximately 7,000 schools across the United Arab Emirates, the United States, Indonesia, Morocco and the Kingdom of Saudi Arabia. Its mission is to make education accessible to all and improve outcomes through AI-powered personalised learning and the latest pedagogical frameworks rooted in data science.



In FY 2024, the Group reported a net profit before tax attributable to Owners of the Company of AED 491.7 million, a 6.1% increase from AED 463.6 million* in FY 2023. The Group achieved industry-leading profitability margins, supported by a strong revenue base and cost efficiencies.

FY 2024					
AED	759.0	Million	AED	512.2	Million
Revenue	↑ 1.3% y-o-y		EBITDA	↑ 4.8% y-o-y	

*EBITDA and net profit before tax for FY2023 exclude income from financial assets carried at fair value through profit or loss; portfolio has been discontinued and disposed of at the end of FY2023.

Business and financial highlights

The Group delivered a robust performance in FY 2024, achieving operating revenues of AED 759.0 million. This impressive performance reflects the successful implementation of strategic initiatives focused on cost efficiencies, which propelled the market-leading EBITDA margin to an exceptional 67.5%.

Net profit before tax increased by 6.1% year-on-year to AED 491.7 million, bolstered by revenue growth and ongoing efforts in operational efficiency. This led to a margin expansion of 300 basis points, reaching an impressive 64.8%. The improvement highlights the Group's disciplined approach to cost management and the effective utilisation of economies of scale.

Alef Education significantly expanded its presence in the B2B segment during FY2024. The number of paid schools served increased from 82 in 2023 to 167 in FY 2024, reflecting a robust year-over-year growth of 104%. Additionally, the number of students served within this segment grew from 52,000 to 93,178, representing a strong 79% year-over-year increase. This growth underscores the Company's continued success in scaling its offerings and reinforcing its position in the market.

As outlined in its IPO prospectus, Alef Education remains committed to delivering an attractive dividend of c. AED 0.10 per share to its free-float shareholders for each financial year 2024 and 2025. This is supported by a long-term payout ratio target of 90%, underpinned by the Company's strong cash flow generation.

In FY 2024, Alef Education distributed interim dividends totalling AED 203.6 million (of which AED 67.5 million was reserved for 20% free-float shareholders). Additionally, the Board of Directors has proposed a final cash dividend of AED 199.2 million (of which AED 67.5 million is reserved for 20% free-float shareholders), bringing the total dividend for the year to AED 402.8 million (AED 135 million for free-float shareholders).

Alef Education is developing Miqyas Al Dhad, an innovative scale aimed at enhancing the literacy skills of Arabic speakers throughout the Arab world. Miqyas Al Dhad is a joint venture between Alef Education and MetaMetrics®, the US-based developer of the Lexile® Framework for Reading.

This unique Arabic reading scale is poised to become the de facto standard for Modern Standard Arabic, much like the Lexile® Framework for Reading has established itself as the benchmark for English. Seven memorandums of understanding have been signed with different governments, and more are underway, with field tests active across eight countries and 103K students onboarded.

On 25 November 2024, Alef Education was added to the MSCI UAE Small Cap Index, marking a significant milestone achieved just five months after its IPO. This inclusion underscores the solid financial and operational performance of Alef Education and its promising growth prospects.

This milestone will enable Alef Education to diversify its investor base and showcase its robust financial foundation and high shareholder returns visible on the global financial market.

Statement from Geoffrey Alphonso

Chief Executive Officer

“Our strong performance in 2024 underscores the resilience of our business model and the sustained demand for our innovative learning solutions. Revenue growth continues to be driven by strategic, long-term partnerships, including our extended agreement with ADEK, our newly secured contract with Abu Dhabi Civil Defence Authority, and expanding collaborations across both government and private sectors in key markets.”

These alliances, coupled with our innovative solutions, position us for continued market expansion and create significant value for our stakeholders. Our unwavering focus on operational efficiency and disciplined cost management further reinforces this success, resulting in strong EBITDA and net profit growth. Looking ahead, we are committed to seizing new expansion opportunities organically and through strategic partnerships. Alef Education is also dedicated to delivering value to its shareholders through a strong dividend programme, ensuring attractive returns while continuing to make a meaningful impact on students globally.

Statement from Amit Choudhary

Chief Financial Officer

“Alef Education’s FY2024 financial performance underscores the strength and scalability of our business model, with consistent revenue growth and strong profitability metrics across the board.”

For the year, we recorded total revenue of AED 759.0 million, up from AED 749.5 million in FY2023. This was driven by our long-term strategic contract and rapid expansion in our B2B segment, which doubled its contribution. Our EBITDA of AED 512.2 million, representing a margin of 67.5%, highlights the efficiency of our operations and our ability to deliver high returns while keeping costs under control.

Net profit before tax increased to AED 491.7 million—a 6.1% year-on-year increase—reflecting disciplined cost management and our ability to scale profitably. Our cash flow generation and unlevered balance sheet remain core strengths, providing us with ample flexibility to fund future growth initiatives while maintaining consistent and attractive dividend distributions.

In FY2024, we paid an interim dividend of AED 67.5 million to free-float shareholders, equating to AED 0.05 per share. The Board of Directors is proposing a further final dividend of AED 67.5 million, bringing the total dividend for FY2024 to AED 0.1 per share. This will reaffirm our commitment to delivering competitive shareholder returns. The dividend guarantee programme provides further visibility for investors and demonstrates our confidence in the sustainability of our financial performance.

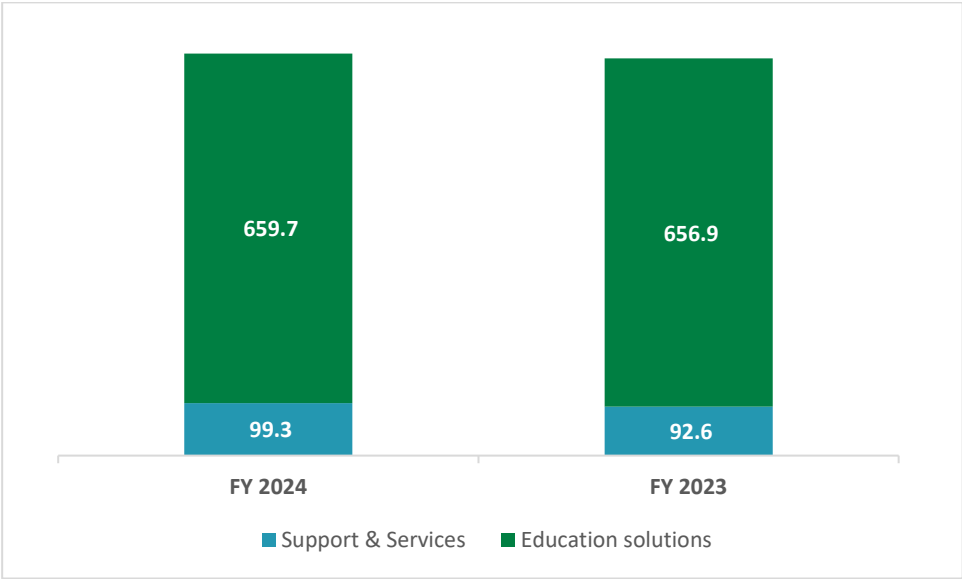
As we look ahead, our focus remains on maintaining profitability, optimising costs, and prioritising organic expansion and product innovation. With our solid financial foundation, we are well-positioned to capitalise on emerging opportunities, drive long-term value creation, and continue delivering consistent returns to our shareholders.

Statement of comprehensive income for the year ended 31 December 2024 (in AED million)

	FY 2024	FY 2023	Change (%)
Revenue	759.0	749.5	1.3%
Expenses (excluding depreciation and amortisation)	(246.8)	(260.6)	-5.3%
EBITDA	512.2	488.9	4.8%
EBITDA margin (%)	67.5%	65.2%	+230bps
Depreciation and amortisation	(33.2)	(34.0)	-2.3%
Interest income	12.7	8.7	46.3%
Profit before tax	491.7	463.6	6.1%
Profit before tax margin (%)	64.8%	61.9%	+290bps
Investment income*	-	122.8	N/A
Income tax	(44.2)	-	N/A
Net profit	447.5	586.4	-23.7%

* For FY2023, income from financial assets carried at fair value through profit or loss has been excluded from the computation of Profit before tax since the portfolio has been discontinued and disposed of at the end of FY2023.

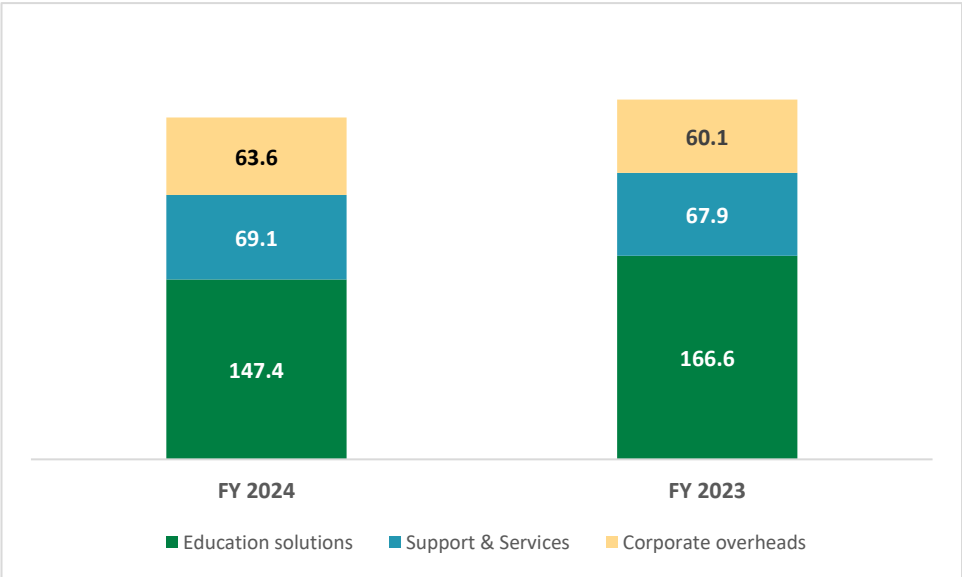
Revenue



In FY 2024, the Group achieved revenue growth of 1.3% year-on-year (+AED 9.5 million), with total revenues reaching AED 759.0 million, compared to AED 749.5 million in FY 2023.

- Revenue performance was strong across all segments, with each outperforming the corresponding period in the prior year. Key drivers included an increase in the student count serviced within the B2G segment, the successful execution of new contracts, and upselling and cross-selling across existing segments. These factors position Alef Education for future growth as the Group launches new products and solutions.
- Notably, the Group secured a new Islamic content development contract in FY 2024, valued at AED 31 million over a three-year period, further enhancing its growth trajectory.

Expenses



Total expenses, including depreciation and amortisation for FY 2024, amounted to AED 280.0 million, reflecting a 4.9% reduction compared to AED 294.6 million in FY 2023. This decrease is attributed to the Group's continued focus on cost optimisation and operational efficiencies:

- In FY 2024, cost optimisation initiatives and enhanced operational efficiencies resulted in improved resource utilisation for product development and a targeted operational focus.
- While support and services expenses increased due to inflationary pressures and the acquisition of additional devices, incremental revenues effectively offset these costs, ensuring minimal impact on the Group's overall financial performance.

EBITDA

EBITDA for FY 2024 reached AED 512.2 million, representing a 4.8% increase compared to AED 488.9 million in FY 2023.

- The Group's disciplined cost management and stable revenue performance across all segments were pivotal in achieving this robust EBITDA growth.
- The industry-leading EBITDA margin expanded by +230 basis points, reaching an impressive 67.5% for FY 2024, further highlighting the Group's operational efficiency and financial resilience.

Profit before tax

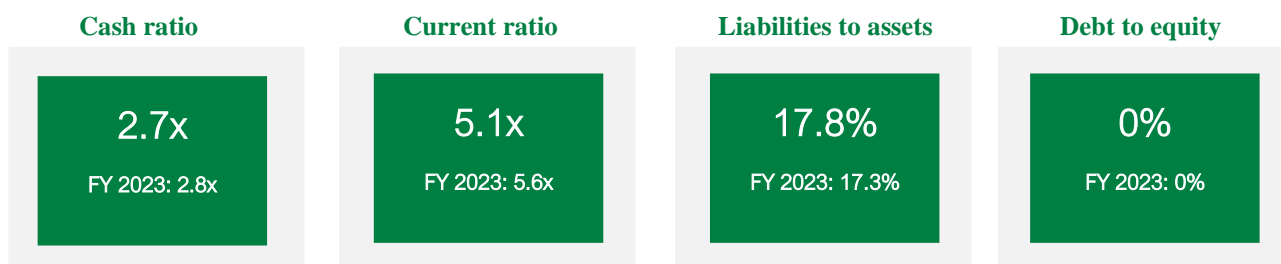
Profit before tax for FY 2024 was AED 491.7 million, a 6.1% increase from AED 463.6 million in FY 2023.

- The Group's net profit margin improved to 64.8% in FY 2024, up by +290bps from 61.9% in FY 2023, significantly outperforming industry benchmarks.
- Enhanced treasury efficiencies contributed to higher interest income compared to the prior year, further bolstering the Profit Before Tax margin and reinforcing the Group's strong financial position.

Statement of financial position for the year ended 31 December 2024 (in AED million)

	31 Dec 2024	31 Dec 2023
Property and equipment and right of use assets	9.0	3.0
Intangible assets	171.9	79.9
Trade and other receivables	345.5	167.3
Amounts due from related parties	-	109.8
Cash and cash equivalents	396.3	261.8
Total assets	922.7	621.8
Provision for employees' end-of-service benefits	15.8	12.9
Trade and other payables	98.0	94.0
Corporate tax liability	44.2	-
Lease liability	6.4	0.5
Total liabilities	164.4	107.4
Total equity	758.3	514.4
Total equity and liabilities	922.7	621.8

Strong balance sheet and liquidity



All key financial ratios for FY 2024 demonstrate strong and consistent performance compared to FY 2023, despite the additional liability arising from the introduction of corporate tax starting in FY 2024.

Assets

As of 31 December 2024, total assets amounted to AED 922.7 million, compared to AED 621.8 million as of 31 December 2023, reflecting an increase of AED 300.9 million. Of the total assets as of 31 December 2024, 80% are comprised of current assets, despite the Group's increased capital expenditure of AED 123.5 million and the interim dividend payout to shareholders of AED 203.6 million, executed in Q3 2024.

- Additions to intangible assets totalled AED 123.5 million, which includes the acquisition of Arabits and Abjadiyat educational products, as well as the development of new products within the Assessment and Pathways product lines. These products comprise Pathways Math, Pathways Science, Pathways English, Pathways Arabic and an assessment solution. The addition also includes the ongoing development of the Arabic reading scale in partnership with the US-based developer MetaMetrics®, branded as Miqyas Al Dhad.
- Trade and other receivables increased by AED 178.2 million in FY 2024 compared to FY 2023, primarily driven by the rise in outstanding invoices expected to be settled in 2025.
- Cash and bank balances include AED 365.0 million placed in fixed deposits with maturities of less than three months, generating interest at the current market rate.

Liabilities

As of 31 December 2024, total liabilities amounted to AED 164.4 million, compared to AED 107.4 million as of 31 December 2023, reflecting an increase of AED 57.0 million.

- A significant portion of the increase in liabilities is attributed to the AED 44.2 million corporate tax liability, which resulted from the introduction of corporate tax legislation in the UAE in FY 2024. As of 31 December 2023, no provision was made.
- The Group's balance sheet remains debt-free, providing enhanced flexibility to capitalise on attractive growth opportunities and expand its operations.

Key operational developments in FY2024

Alef Education extended its contract with the Abu Dhabi Department of Education and Knowledge (ADEK) for three more years, further cementing its position as a leader in reshaping the educational landscape in the UAE.

The contract, executed under the same commercial terms, will continue to provide services to government school students in Cycle 2 (Grades 5-8) and Cycle 3 (Grades 9-12) while ensuring reliable revenue until 2033.

Alef Education has secured a three-year contract worth AED 31 million with a confidential government entity to develop Islamic content.

Considerable progress has been made in the Super Serve UAE pillar and Partnerships segment, with the company securing two contracts: Al Ain Football Club and Abu Dhabi Civil Defence Authority. Significant value is in the pipeline for new deals.

On 28 November 2024, Alef Education engaged in critical dialogue on empowering girls through climate action at the 29th Conference of Parties, held in Azerbaijan with the theme "In Solidarity for a Green World", underscoring the significance of fostering a shared vision and collaboration among ICESCO member states.

Alef Education showcased two pivotal climate action programmes to demonstrate its commitment: the Alef Metaverse - an immersive tool that educates students on climate change and sustainability—and the Alef EcoChamps programme - a self-paced environmental literacy course for UAE students aged 10-14, in which 50% of the participants were girls.

Alef Education won the Disruptor Award at the prestigious Bett Asia Awards in Indonesia. This recognition highlighted its commitment to reshaping the traditional education landscape and accelerating technology adoption to improve student learning.

Alef Education was honoured for its groundbreaking work in Indonesia. Its flagship product, the Alef Platform, has significantly improved student learning outcomes for over 750,000 students nationwide. The platform achieved an impressive 8.5% rise in math performance among students.

Alef Education is developing personalised solutions for schools and educational groups, establishing distribution and reseller networks, and forging strategic partnerships. The Company is also expanding its sales and marketing efforts within the B2B market. It aims to achieve significant growth in the private school sector by introducing new subjects and catering to younger students. Having already captured a 25% to 30% market share in the UAE, Alef Education is committed to deepening its presence in this rapidly expanding sector.



Chairman



Chief Executive Officer