Symbol: ALEFEDT
Exchange: ADX

MANAGEMENT DISCUSSION AND ANALYSIS

Q2

FOR THE PERIOD ENDED 30 JUNE 2026

Alef Education Holding PLC
H1 2026 Results

Resilient Revenue, Sector-Leading Profitability, and Sustained Shareholder Returns

Alef Education Holding PLC (ADX: ALEFEDT) announced its financial results for the six-month period ended 30 June 2026, delivering sector-leading profitability and resilient margins, underpinned by a recurring revenue model and a strengthened balance sheet. The Group's AI-powered platform demonstrated continued resilience through a dynamic regional environment with higher user engagement across all segments while generating robust cash flows, reinforcing the strength and durability of Alef Education's business model.

Financial Highlights

- Revenue reached AED 361.6 million (+1.2% YoY), driven by ADEK partnership and B2G and B2B growth, with Private Schools revenue recognition commencing Q3 2026.
- EBITDA increased to AED 270.2 million (+0.8% YoY), with margin sustained at 74.7%, reflecting disciplined cost control alongside continued platform investment.
- Net Profit increased to AED 236.4 million (+1.8% YoY), with net profit margin improving to 65.4% (+40 bps YoY) due to higher EBITDA and treasury income.
- Earnings per share increased to Fils 3.38 (H1 2025: Fils 3.32), reflecting continued accretive profit growth.
- Cash position of AED 644.9 million on a debt-free balance sheet after payment of AED 224.0 million FY2025 final dividend, provides full flexibility for strategic deployment.
- The Board approved an interim dividend of AED 212.8 million, representing 90% of H1 2026 net profit, at 3.04 fils per share, payable following the release of H1 2026 results.

Operational Highlights

- Won the Hamdan-ALECSO Award for Digital Innovation in Education, recognising Alef Pathways across Mathematics, Science, Arabic and English.
- Completed full migration to Microsoft Azure, integrated with Core42's sovereign cloud and is now part of Azure marketplace as trusted ed-tech partner, strengthening security, scalability and resilience.
- Completed a landmark AI professional-development programme for 25,000 UAE teachers with Microsoft partnership.
- Signed an MOU with TMRW Edtech to deliver AI-powered education solutions across the GCC and MENA region.
- Partnered with Zoud to deliver digital financial literacy, reaching 17,841 students across 111 schools since launch.
- Miqyas Al Dhad advancing with core components completed and final validation in progress. Active discussions with multiple Ministries of Education ongoing.

Chief Executive Officer

"H1 2026 demonstrates the strength and versatility of what we have built at Alef Education. Our platform proved its resilience during regional disruption, our international footprint continued to expand, and we are making tangible progress across our growth agenda. With a strong H2 ahead, underpinned by Private Schools revenue recognition and an active B2B and B2G pipeline, we are confident in our ability to deliver sustainable, profitable growth and attractive returns to shareholders."

- Geoffrey Alphonso

During the first half, we made meaningful progress across all four strategic growth pillars. The ADEK partnership continued to deliver at scale, underpinned by a contracted revenue backlog of ~AED 5.6 billion through 2033. Our B2B and B2G segment gained strong momentum, with 6 active contracts and a growing international pipeline across GCC and emerging markets, complemented by the completion of an AI professional development programme for 25,000 UAE teachers in partnership with Microsoft. The Private Schools segment maintained its 37% UAE market share, with active contract discussion underway for AY2026-27 and revenue recognition commencing in Q3. Miqyas Al Dhad continues to advance with final validation in progress and active discussions with multiple Ministries of Education across the region. We enter H2 2026 with strong momentum and clear visibility across all segments.

Chief Financial Officer

"H1 2026 reflects the consistent financial quality of our business, sector-leading margins, growing profitability, and a debt-free balance sheet with AED 644.9 million in cash. Our capital position continues to be a strength, providing the flexibility to invest with discipline, deliver attractive shareholder returns, and pursue opportunities that meet our standards for long-term value creation."

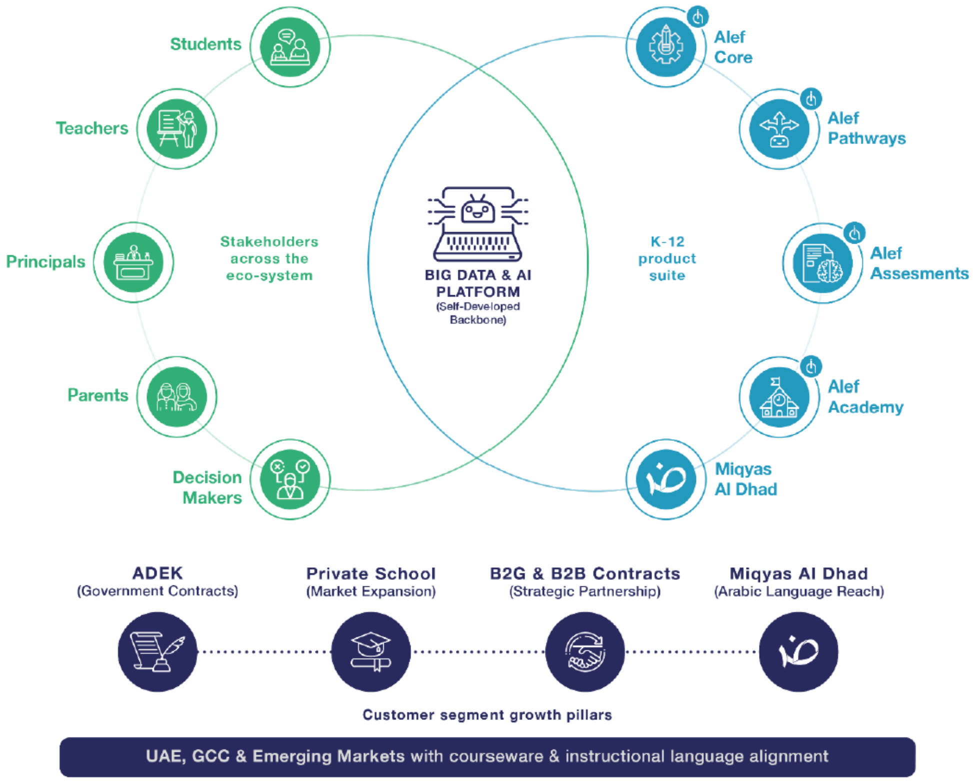
- Amit Choudhary

A key focus during the period was maintaining cost efficiency while supporting growth. Total expenses amounted to AED 111.4 million, up 1.8% versus H1 2025 to support the higher revenue base and strategic platform enhancements alongside disciplined cost management.

The Group delivered a strong improvement in working capital efficiency during H1 2026, with debtor days reducing to 85 days from 163 days in H1 2025. The improvement reflects the collection of higher prior-period outstanding balances alongside continued strong receivables management. Capital expenditure of AED 27.2 million remained focused on platform development and innovation, consistent with the Group's asset-light investment approach.

The Board of Directors, at its meeting on 5 August 2026, approved an interim dividend of AED 212.8 million, representing 90% of H1 2026 net profit at Fils 3.04 per share, payable following the release of H1 2026 results, reflecting the Board's confidence in the Group's sustained earnings trajectory and commitment to attractive shareholder 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 Al 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 Al Dhad, a partnership 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.

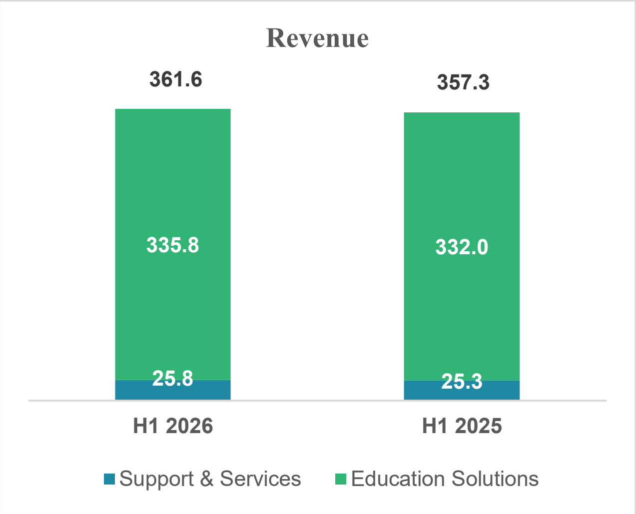
Financial Highlights

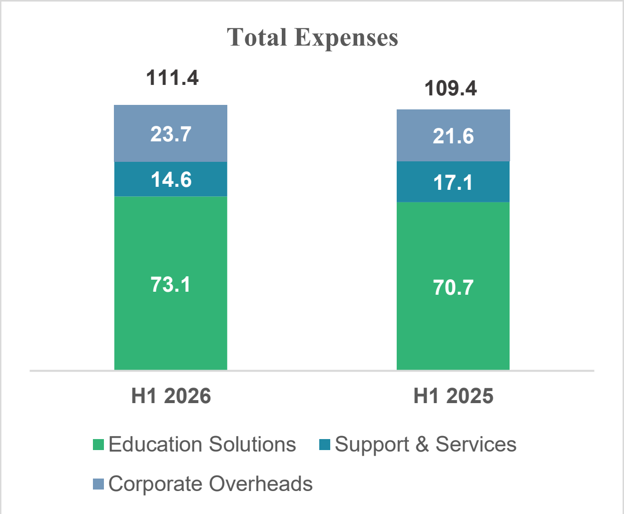
Statement of comprehensive income for the three-month and six-month period ended 30 June 2026

In AED Million	H1 2026	H1 2025	Change (%)	Q2 2026	Q2 2025	Change (%)
Revenue	361.6	357.3	1.2%	180.8	177.6	1.8%
Operating Expenses	(91.4)	(89.4)	-2.3%	(45.2)	(42.4)	-6.4%
EBITDA[1]	**270.2**	**267.9**	**0.8%**	**135.6**	**135.2**	**0.3%**
EBITDA margin (%)	***74.7%***	***75.0%***	***-30 bps***	***75.0%***	***76.1%***	***-110 bps***
Depreciation and amortisation	(18.4)	(18.1)	-1.6%	(8.9)	(9.6)	6.7%
Lease expenses (Interest and depreciation)	(1.6)	(1.9)	15.9%	(0.6)	(1.0)	32.8%
Interest income	9.5	7.3	30.5%	3.8	3.9	-1.4%
Profit before tax	**259.7**	**255.2**	**1.8%**	**129.9**	**128.5**	**1.1%**
Income tax	(23.3)	(22.9)	-1.8%	(11.7)	(11.6)	-1.1%
Net profit	**236.4**	**232.3**	**1.8%**	**118.2**	**117.0**	**1.1%**
Net Profit margin	***65.4%***	***65.0%***	***+40 bps***	***65.4%***	***65.9%***	***-50 bps***
Earnings per share	Fils 3.38	Fils 3.32	1.8%	Fils 1.69	Fils 1.67	1.1%

[1]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 361.6 million in H1 2026, a 1.2% increase from AED 357.3 million in H1 2025, supported by continued execution under the ADEK partnership and expanding engagement across B2B and B2G segments. The Private Schools segment, while structurally weighted toward Q3 and Q4 recognition as academic year contracts commence, continued to build momentum with multiple contracts already executed for AY2026-27.

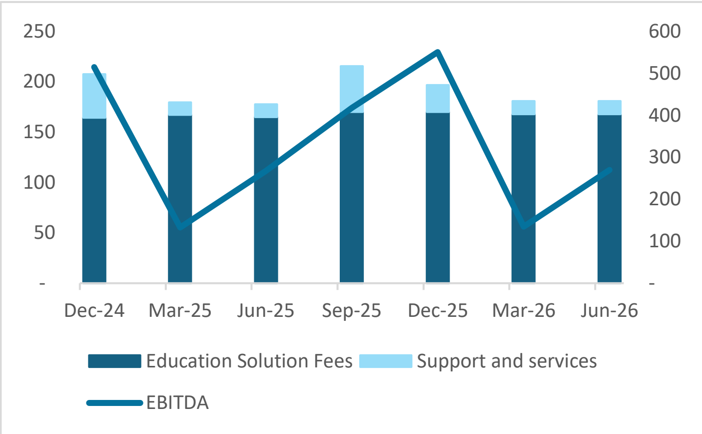
Total expenses, including depreciation, amortisation, and lease expenses, amounted to AED 111.4 million, up 1.8% versus AED 109.4 million in H1 2025, to support the higher revenue base and strategic platform enhancements alongside disciplined cost management.

Group Profitability

EBITDA increased to AED 270.2 million (+0.8% YoY) at a margin of 74.7% (H1 2025: 75.0%), underpinned by the scalability of the asset-light platform model, with the modest margin movement.

Net profit grew 1.8% YoY to AED 236.4 million, with net profit margin improving to 65.4% (+40 bps YoY), supported by resilient operating performance and treasury income of AED 9.5 million (+30.5% YoY), reflecting better utilisation of the Group's cash position. Earnings per share increased to Fils 3.38 (H1 2025: Fils 3.32), demonstrating consistent accretive profit growth.

Seasonality of business



The Group's revenue profile is subject to seasonal patterns. Education solution fees are broadly stable quarter on quarter, with growth expected in H2 as the new academic year commences. Support and Services revenue is typically weighted toward H2, driven by the cyclical refresh of IT devices at the start of the academic year.

Customer segments

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:

- ADEK contract secured through 2033 with a revenue backlog of ~AED 5.6 billion, providing long-term revenue visibility and a stable public-sector revenue base.
- H1 2026 ADEK revenue of AED 348.7 million, broadly stable year-on-year, underlining the resilience of the contracted base.
- Delivering personalised digital learning for Grades 5–12 across Abu Dhabi government schools, maintaining 100% penetration across Cycle 2 and Cycle 3.
- Platform adoption across Abu Dhabi public schools continues building toward and beyond the contracted minimum-student guarantee.

B2B & B2G:

- 6 active contracts with a revenue backlog of ~ AED 36.6 million to be recognised in future periods, providing medium-term revenue visibility across domestic and international markets.
- B2G and B2B contracts secured over the past year continue to ramp up revenue contribution, with a widening government pipeline across GCC and emerging markets like Africa, reflecting strong momentum.
- Completed a landmark AI professional development programme for 25,000 UAE teachers in partnership with Microsoft, and signed a new MoU with TMRW Edtech.

Customer segments (Continued)

Private Schools:

- Platform serves ~188 private schools and ~223k active students in the UAE, reflecting continued penetration of the private-school market.
- Active cross sell/ upsell to existing clients with new pipeline engaged with strong marketplace and platform rollouts.
- Actively building the private-school pipeline for AY 2026–27, with revenue weighted toward the start of the new academic year (Q3–Q4).

Miqyas Al Dhad:

- Patented Arabic language proficiency assessment tool, developed through a partnership with MetaMetrics®.
- Core components complete and ready, with the final text-analyzer validation (with MetaMetrics) in progress.
- Final-stage commercial discussions with multiple Ministries of Education, alongside a major funding partner for regional rollout.

Outlook

Alef Education enters H2 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 earlier in 2026, with distance learning activation driving higher engagement, reinforcing management's confidence in the future growth trajectory.

Revenue visibility is underpinned by a robust pipeline across each segment. The ADEK partnership is expected to remain 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 H2 2026. The Private Schools segment is well positioned for H2, as academic year contracts executed for AY2026-27 commence revenue recognition in Q3 and Q4. Miqyas Al Dhad continues to advance commercially, with active discussions ongoing across multiple Ministries of Education.

Underpinning this growth is a debt-free balance sheet with AED 644.9 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, stronger H2 seasonality, and continued cost discipline, while maintaining investment in platform enhancements and product innovation.

Chairman

Chief Executive Officer