

Initiation Coverage

Alef Education Holding PLC



Alef Platform



Alef Pathways



Alef Academy



Abjadiyat



Arabits

Key Investment Highlights:

We initiate coverage on Alef Education Holding PLC (“Alef Education” or “the Company”) with a valuation of **AED 1.70 per share**. Alef Education is listed on the ADX and is a leading global EdTech company that utilizes artificial intelligence and machine learning technologies to create personalized learning experiences for both public and private schools in the UAE. The Company offers K-12 education through AI-powered learning solutions across all schools since 2016. It is headquartered in UAE and also operates in the United States, Indonesia, and Morocco.

Our investment view is supported by:

- Large and Growing Addressable Market Supported by Strong Macro-Tailwinds
- Highly Scalable Business with Personalized Solutions and Long-term Contracts
- Product Portfolio Expansion Through Organic and Inorganic Initiatives
- Alef Education’s Solutions through Generative and Cutting-Edge AI Applications

Large and Growing Addressable Market Supported by Strong Macro-Tailwinds

The global commercial spending on K-12 education increased from AED 998 Bn in FY2023 to AED 1,215 Bn by FY2027. Out of this, the commercial expenditure on EdTech is also expected to grow from AED 220 Bn in FY2023 to AED 411 Bn in FY2027. The global expenditure on instructional material for K-12 is the key market for Alef Education. The global K-12 expenditure on instructional materials is expected to grow from AED 323 Bn in FY2023 to AED 338 Bn in FY2027. The share of EdTech spending in the global K-12 instructional materials market surged to 88% from AED 117 Bn in FY2023 to AED 220 Bn by FY2027. The TAM for K-12 instructional materials in the UAE is valued at AED 4.3 Bn which includes physical and digital instructional materials for B2G and digital infrastructure materials for B2B with a notable CAGR of 4.0% in student enrollment from FY2019 to FY2023.

Highly Scalable Business with Personalized Solutions and Long-term Contracts

Alef Education is expanding its operations to multiple countries, including the UAE, USA, Jordan (product development hub), and Indonesia, by offering versatile & adaptable educational content coupled with flexible & robust technological solutions which are suitable for diverse learning environments. The Company is headquartered in UAE and serves 663 schools, including both private and public institutions. The Company partnered with the Abu Dhabi Department of Education and Knowledge (ADEK) to support the majority of G5-12 public schools in the UAE. Additionally, Alef Education forged a partnership with Project M, that commenced in September 2021 with an expiration date set for August 2025.

Product Portfolio Expansion through Organic and Inorganic Initiatives

Alef Education plans to scale through continuous expansion of its existing product offering through organic and inorganic means. The Company aims to expand its core offerings by expanding its G3-12 Courseware, ECE K-2 Courseware, and K-12 assessments. Additionally, the Company focuses on an inorganic growth strategy which depends on Priority focused approach and a Dynamic approach to its M&A growth plans. The inorganic growth plans aim to expand through its purchase of Abjadiyat in 1Q24. Abjadiyat is also positioned as an essential tool for offering learning solutions for personalized learning. The inorganic integration led to exponential growth in the customer base from 2,000 to 26,500 users, and further anticipated substantial growth in user base in the upcoming years.

Alef Education’s Solutions through Generative and Cutting-Edge AI Application

Alef Education’s technological solutions like Generative and Cutting-Edge AI applications led to easy access to educational outcomes and further transformed traditional classrooms into adaptive and engaging learning environments. The Company’s AI technology updates training materials with the latest curriculum and adaptive content to ensure the learners are equipped with up-to-date and most relevant skills. Alef Education’s cutting-edge AI applications like Cloud-based platforms offer students and educators the flexibility to access learning resources, collaborate on projects, and participate in virtual classrooms from anywhere across the globe. The Company’s integration of gamification and interactive learning techniques into the platforms transforms the educational journey for the students into an enjoyable and engaging learning experience.

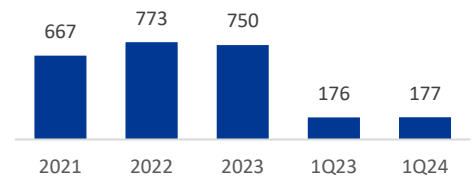
Initiating Coverage Sector: Technology

Analyst Name: Ahmad Banihani

Rating: BUY

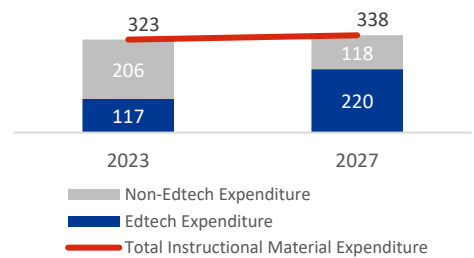
Current Price (AED)	1.19
Target Price (AED)	1.70
Upside/(Downside)	+43%
Market Cap (AED, Bn)	8.33

Total Revenue across period (AED, Mn)



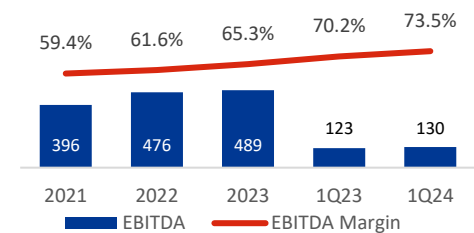
Source: Company Information

Global K-12 Instructional Materials Expenditure (AED, Bn)



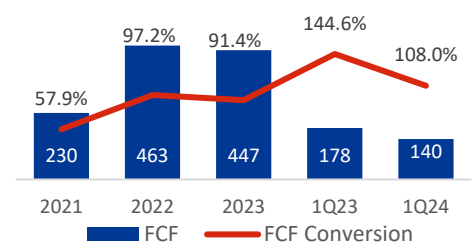
Source: Company Information, Tyton Partners IP and analysis

Adj. EBITDA (AED, Mn) and Margin (%)



Source: Company Information. (Adj. EBITDA = Adj. EBITDA = Net profit – interest income – Income from investments carried at FV through profit or loss + interest expense on lease liability + income tax expense + depreciation of PPE/ROU asset + amortization of intangibles)

FCF and FCF Conversion (AED, Mn)



Source: Company Information, FCF = Operating free cash flows – Capex (cash portion), FCF Conversion = FCF/Adjusted EBITDA.

Table of contents

Management Guidance vs. FABS Assumptions	3
Introduction to Alef Education	4
<i>Alef Education is a Leading Global EdTech Provider in the UAE</i>	<i>4</i>
<i>Alef Education Encompasses Product Portfolio Solutions in Various Regions</i>	<i>7</i>
<i>Technological Optimization through Partnerships with Global Tech Providers</i>	<i>10</i>
<i>Pandemic and Digitization of the Education Ecosystem Supported Topline Growth</i>	<i>20</i>
Key Investment Highlights	26
<i>Large and Growing Addressable Market Supported by Strong Macro-Tailwinds</i>	<i>26</i>
<i>Alef Education's Expansion Plans in the B2B Market Drive Growth in the School Partnerships</i>	<i>33</i>
<i>Alef Education Transforms its Educational Solutions through its Generative and Cutting-Edge AI Applications</i>	<i>34</i>
<i>Alef Education's Consistent Profitable Growth Coupled with Strong Financials</i>	<i>35</i>
Highly Experienced Management Team	38
SWOT Analysis	43
Macroeconomic Environment	49
Valuation Methodology	55
<i>Target Fair Value Analysis</i>	<i>55</i>
Key Financial Metrics	59
<i>Financial Performance at a Glance</i>	<i>59</i>
<i>Growth Dynamics</i>	<i>59</i>
<i>Financials</i>	<i>61</i>
<i>Revenue</i>	<i>61</i>
<i>Operating Expenses</i>	<i>65</i>
<i>EBITDA</i>	<i>67</i>
<i>Adjusted Net Profit</i>	<i>70</i>
<i>Capital Expenditure</i>	<i>71</i>
<i>Working Capital</i>	<i>72</i>
<i>Cash Flow Generation</i>	<i>73</i>
<i>Dividend</i>	<i>73</i>
<i>Appendix</i>	<i>78</i>
FAB Securities Contacts	78

Introduction to Alef Education

Alef Education is a Leading Global EdTech Provider in the UAE

Alef Education is majorly owned by Tech Nova Investment Sole Proprietorship LLC (owned by Abu Dhabi Capital Group), which holds 85% stake in the firm, and Kryptonite Investments Sole Proprietorship LLC which owns the remaining 15%

Alef Education provides solutions to c.1.1 Mn registered students, and c. 50K teachers, c.7K schools in FY2023

Alef Education Holding Plc is a leading global education technology (EdTech) company that utilizes artificial intelligence and machine learning technologies to create personalized learning experiences for both public and private schools in the UAE. Alef Education caters to a total of 361 public schools and 302 private schools across the UAE. The Company has offered K-12 education through AI-powered learning solutions across all schools in which it operates since 2016. The company is headquartered in the UAE and operates in the United States, Indonesia, Morocco, and Jordan (a product development hub). Tech Nova Investment Sole Proprietorship LLC owned by Abu Dhabi Capital Group holds the majority stake at 85% and Kryptonite Investments Sole Proprietorship LLC owns the remaining 15% stake in Alef Education.

Alef Education technological solutions are provided through various products namely:

- **Alef Platform-** is an award-winning teaching and learning platform for nine subjects, including English, Science, Arabic, and Math. The platform provides instructions in multiple languages, such as English, Arabic, French, and Bahasa.
- **Alef Pathways-** is a supplemental self-paced math program designed to help students explore their understanding of concepts, complete unfinished learning, activate prior knowledge, accelerate progress, and make learning math more accessible for Grades 3-8. The course is in line with the Common Core Standard for Mathematics.
- **Alef Academy-** is a professional development platform for educators.
- **Abjadiyat-** It is an Arabic language learning application for K-4 native speakers. It is a learning solution designed and created in line with Ministry of Education standards. This product is focused on early childhood education for K-4 and combines the latest gamification techniques with engaging cartoon characters to create a fun and interactive learning experience for young students.
- **Arabits-** It is an Arabic language learning application for non-native Arabic speakers.

Initially, the Company launched the Alef Platform targeting one school in FY2016-FY2017. Whereas, Alef Education provides its educational solutions to c. 1.1 Mn registered students, c.50,000 teachers, and c. 7,000 schools, generating about 16 Mn data points daily. In addition, the Company published c. 285K assessment questions, with c. 17K digital lessons, and created 25K videos, along with 15 academic publications. Alef Education generated revenues through two segments including Education Solutions (87.6%) and Support and Services (12.4%) in FY2023. Alef Education's revenue grew at a CAGR of 6.0% from AED 667 Mn in FY2021 to AED 750 Mn in FY2023. The adjusted EBITDA stood at AED 489 Mn with an adjusted EBITDA margin of 65.3% and a cash conversion ratio of 93.3% in FY2023.

Figure 01: Alef Education at a Glance



Source: Company Information.

Notes: ⁽¹⁾ Figures as of 2023; ⁽²⁾ Figures as of February 2024 ⁽³⁾ Alef Education Holding Limited Consolidated Financial Statements ⁽⁴⁾ Adj. EBITDA = Net profit – interest income – Income from investments carried at FV through profit or loss + interest expense on lease liability + income tax expense + depreciation of PPE/ROU asset + amortization of intangibles.; ⁽⁵⁾ Cash conversion = (Adj. EBITDA – Capex (cash portion)) / Adj. EBITDA; Capex (cash portion) = the sum of cash paid for purchase of property and equipment and intangible assets during the year/period

Alef Education’s Long-term Government-Backed Contracts Drives Topline

Alef Education’s long-term contract with ADEK guarantees a minimum of 80,000 students for the rest of the contract term until 2030

Project M expires on August 2025; and is expected to be renewed upon expiration

Alef Education plays a crucial role in delivering educational services to Abu Dhabi public schools and the broader education sector of the UAE. Alef Education is a leading global provider of educational technology that facilitates modern learning methods. The Company partnered with the **Abu Dhabi Department of Education and Knowledge (ADEK)** to support the majority of G5-12 public schools in the UAE. The partnership initially started in January 2019 and is set to end by the academic year FY2030-31. Thus, the agreement with ADEK is due for renewal seven years from now. The ADEK flagship contract with Alef Education guarantees a minimum of 80,000 students for the rest of the contract term until 2030. At a rate of AED 8,080 per monetized student, the Contracted agreement with ADEK mandates 60% payment by ADEK as outlined in their agreement, while ADEK non-contracted services require 40% payment by PC (The Presidential Court) based on verbally agreed terms.

Additionally, Alef Education forged a partnership with **Project M**, which commenced in September 2021 with an expiration date set for August 2025. Project M provides no minimum guarantees. However, the actual student counts increased from 2,478 in FY2022 to 2,730 in FY2023. The rate charged per student remained flat at AED 3,144 in FY2022-2023. Among the total contractual revenue streams of the Company's education solutions, ADEK contracted accounts for the majority 59.0% followed by, ADEK non-contracted which accounts for 39.4%. Project M which accounts for 1.3%, and 0.3% is by other operations primarily from UAE private schools, USA, and Indonesia in FY2023.

The Alef platform and solutions are utilized within ADEK schools, encompassing 144 schools, serving 68,850 students, and facilitating 4,384 teachers across six subjects. Conversely, Project M involves three schools, catering to 2,716 students and 34 teachers, offering education in three subjects as of 22 March 2024. The Alef platform provides comprehensive educational software, school content development tools, and real-time analytics, feedback mechanisms, and personalized learning experiences for students. Its features include engaging classroom resources, student insights, and teacher professional development opportunities.

Figure 02: Alef Education Contractual Split (FY2023)

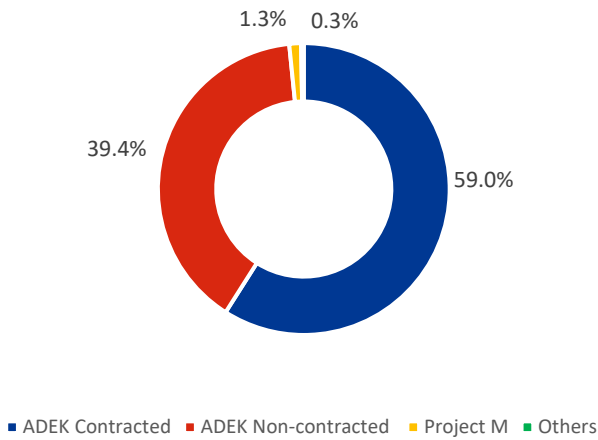
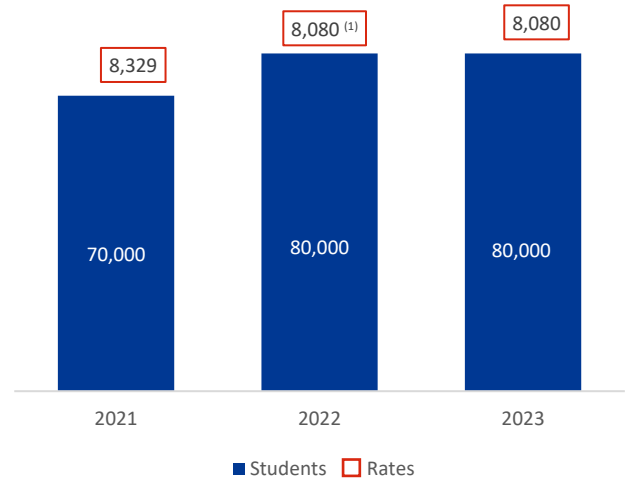


Figure 03: Alef Education Monetized Students and Rates (AED per Student) ⁽²⁾



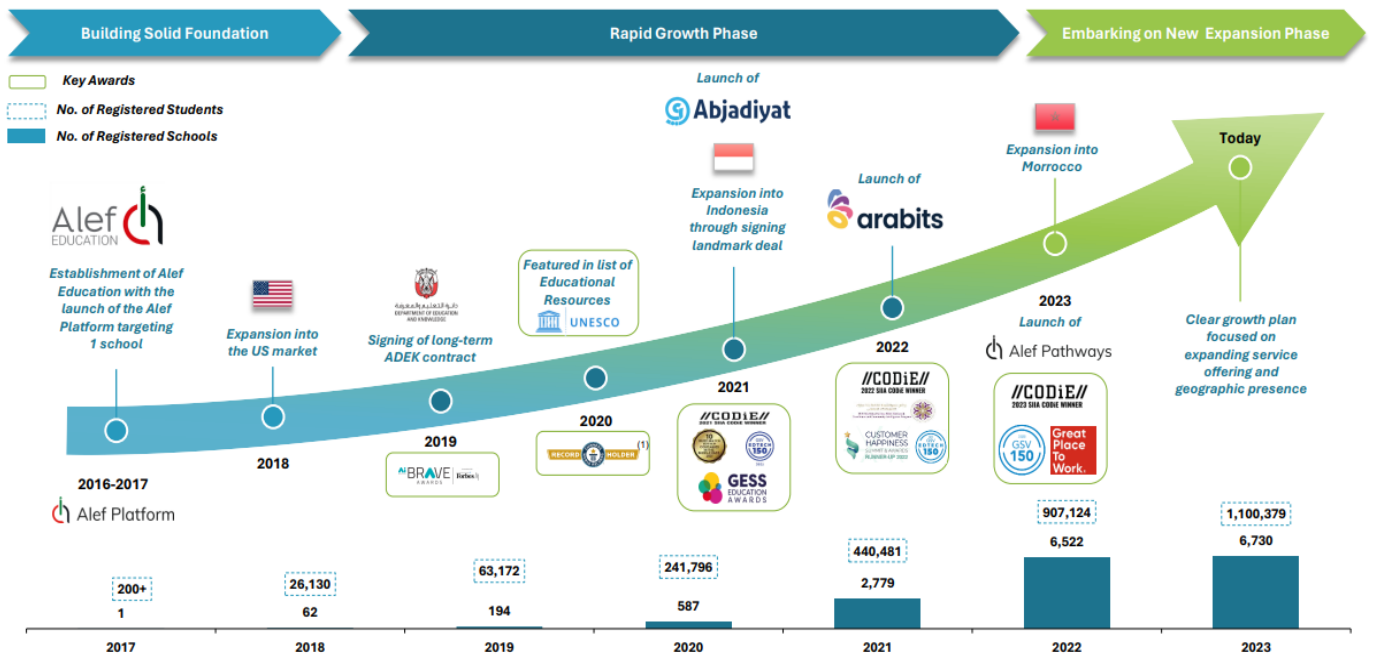
Source: Company Information, Notes: ⁽¹⁾ 40% of the revenues derived under the ADEK Education Solutions contract is paid by PC (Presidential Court) based on verbally agreed terms, ⁽²⁾ Excludes revenues from other B2B contracts, ⁽³⁾ Weighted average rate shown for FY2021 based on – 65k students for 8 months at AED 8,483 per student and 80k students for 4 months at AED 8,080 as per the contract.

Rapidly Scaled Operations Through Partnership, Geographical Expansion, New Contract Wins and Launch of New Products

Alef Education accounts for a total of 1.1 Mn registered students in FY2023 from c. 440K students in FY2021

Alef Education was founded with the launch of the Alef Platform in 2016-2017, which initially catered to over 200 students with just one registered school in 2017. The Company initially operated only in the UAE and later ventured into the US market with a local partner in 2018, witnessing significant growth and catering to 26,130 students across 62 schools. In 2019, Alef Education signed a long-term contract with Abu Dhabi Education and Knowledge (ADEK), with c. 63K students in 194 schools. The Company experienced a rapid growth phase between FY2019-22 due to the pandemic where everything went remote and online. This was a catalyst for the company's business, and instructional materials were developed by Alef Education and aligned with the curriculum. As a result, it witnessed huge growth across the private sector and number of registered students rose to 440,481 across 2,779 schools in 2021. The Company was also featured in UNESCO where its educational resources were free for any country or school which required access to digital tools it didn't have at that time. Alef Education expanded into Indonesia through a landmark agreement with the Ministry of Religious Affairs. Indonesia is the fourth largest education market in the world. Additionally, Alef Education entered into a Business Transfer Agreement to acquire the assets of Abjadiyat for AED 11.7 Mn and Arabits in total of AED 37.1 Mn for both Curio and Arabits with AED 32.1 Mn is allocated for Arabits and AED 5 Mn allocated to Curio and Alef Education paid the purchase price in 1Q24. Meanwhile, before acquiring the Arabits and Abjadiyat assets, Alef Education ran a pilot program on these products from FY2021 and generated revenue from these products in FY2022. These strategic acquisitions supported Alef to enter into Morocco with the launch of Alef Pathways. This demonstrated the Company's clear growth plan which is focused on expanding various service offerings and increasing its geographic presence by serving a total of 1.1 Mn students across c.7K schools.

Figure 04: Alef Education Scale of Operations



Source: Company Information, Notes: ⁽¹⁾ Guinness world record for most users to take an online infection control lesson in 24 hours and most users to take an online pandemic awareness lesson in 24 hours.

Alef Education Encompasses Product Portfolio Solutions in Various Regions

Through proprietary AI Applications, Alef Education provides personalized and interactive educational solutions to students

Alef Education through its AI powered education solution caters to all stakeholders in the education ecosystem and provides advanced AI solutions including both Generative AI Applications and Cutting-Edge AI Applications across its platform to deliver tailored and adaptive learning experiences for students.

Generative AI Application: The Company conducts impact analysis through research, supports differentiation, offers targeted practice, and automates question generation through AI, thereby saving teachers time in curriculum creation and automation of processes.

Cutting-edge Applications: Alef Education provides personalized and interactive educational solutions. The AI application provides

- **Anomaly Detection** to identify changes in data patterns.
- **Predictive Models** to anticipate and address student learning needs proactively.
- **Knowledge Tracing** to model students' knowledge acquisition as they engage with digital resources.
- **Educational Data Mining (EDM)** to extract insights from extensive educational datasets, continually refining and optimizing learning pathways.

The Company offers an extensive range of solutions across the four key segments:

1. **Alef Platform:** Alef Platform provides personalized learning experiences to all students for different subjects in multiple languages. Alef Platform allows students to receive instructions through AI technology and customize the content according to the different curriculums, grades, and languages. The digital learning platform delivers educational material for nine subjects for the Grades 5 to 12. In the UAE, the Company delivers Arabic Language, Science (in English/Arabic), Math (in English/Arabic), English Language, Social Studies, and Islamic Education. In Indonesia, Alef Education caters to Math in Bahasa and




Alef Platform provides a learning experience across nine subjects, including English, Arabic, math, and science

Alef Pathway is a supplemental math program for Grades 3 to 8

Arabic language for non-native speakers. The Alef Platform offers students innovative ways to understand challenging concepts by breaking down content and using effective learning techniques such as engaging videos, activities, and games. Meanwhile, the platform also provides immediate feedback to teachers regarding students' progress and achievements.

2. **Alef Pathway:** Alef Pathways is a supplemental math program that is designed to enhance the comprehensive teachings for Grades 3 to Grade 8 and is aligned to the Common Core State Standards for Mathematics. This solution is accessible in three different languages: Arabic, Math, and Science. Some schools opt for the Alef Pathways independently without using the Alef Platform. Pathways help students explore various concepts, address incomplete learnings, activate prior knowledge, advance progress, and simplify math learning. Teachers are also equipped with the latest contents, tools, and insights to monitor progress and measure growth in mathematics subjects across the students on a real-time basis. The Alef Pathways platform helps teachers to offer the Adaptive Math Ability Test (AMAT) several times a year to identify students' ability to understand the subject. In addition, the real-time data and growth reports help the students, parents, and teachers to check the progress and growth insights in the subject.

Figure 05: Alef Education Product Offerings across Different Languages and Grades

Product Offering Across Core Markets		
Products	Subjects	Grades
 <ul style="list-style-type: none"> Arabits (K-12) Abjadiyat (K-4) Alef Platform Math Pathways (G3-8) 	<ul style="list-style-type: none"> All Core subjects 	<ul style="list-style-type: none"> K-12
 <ul style="list-style-type: none"> Arabits Alef Platform 	<ul style="list-style-type: none"> Arabic Math in Bahasa Indonesia 	<ul style="list-style-type: none"> Grades 6,7,8
 <ul style="list-style-type: none"> Alef Platform Math Pathways 	<ul style="list-style-type: none"> Math 	<ul style="list-style-type: none"> Grades 3-8

Source: Company Information

Alef Education acquired IBDAAs business and assets related to Abjadiyat for AED 11.7 Mn (including VAT) in 1Q24

3. **Abjadiyat:** Abjadiyat is a comprehensive educational learning solution which is specifically designed for schools and closely aligns with the Ministry of Education standards. Alef Education entered into a Business Transfer Agreement with IBDAAs Advance Solutions Business Applications LLC ("IBDAA") to acquire IBDAAs business and assets related to Abjadiyat, amounting to a total purchase price of AED 11.7 Mn (including VAT) in 1Q24. Alef Education completed the transaction by paying the purchase price in 1Q24. Before obtaining the assets associated with Abjadiyat, the Company conducted a pilot program on the product starting from FY2021, and began generating revenue from these products in 2022. Alef Education provides an Arabic teaching platform to students from K-4 to private schools through Abjadiyat. Alef Education entered into early childhood education by contributing through the latest gamification techniques and engaging the students with

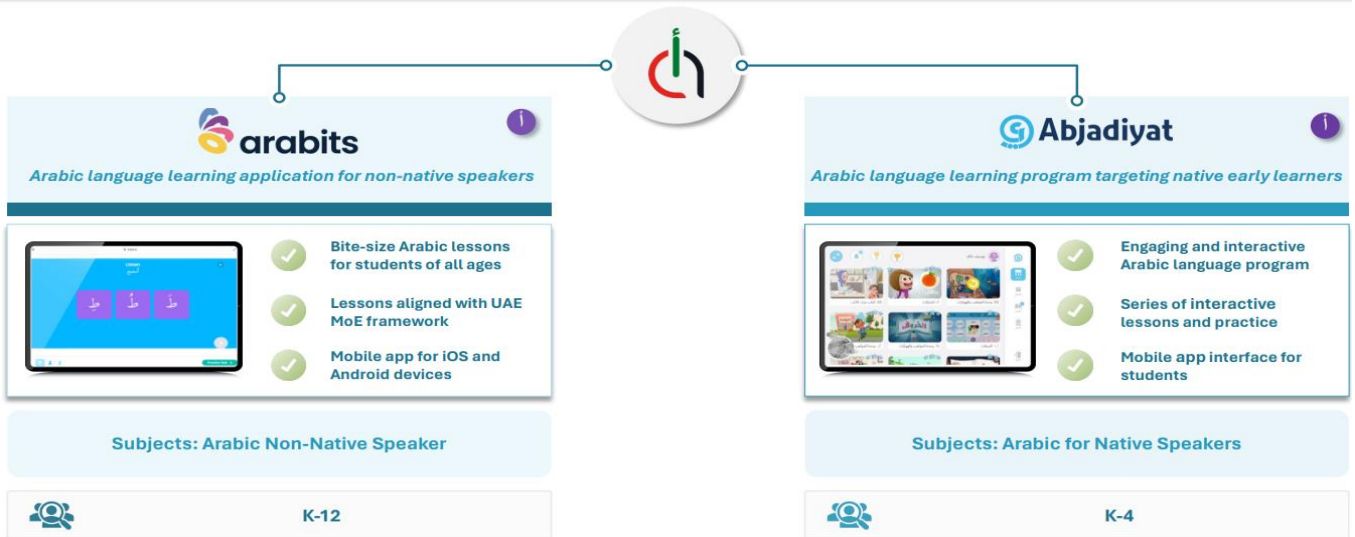
various cartoon characters to create a fun and interactive learning experience for young students. The Company increased its customer base from 2,000 to 26,500 users through the strategic integration of Abjadiyat.

Arabits is a customized platform which is designed specifically for K-12 students who are non-native Arabic speakers

4. **Arabits:** Alef Education acquired a customized platform that is designed specifically for non-native speakers in Arabic for K-12 students. Similar to Abjadiyat, the Company also entered into a Business Transfer Agreement with SAAL Operating Systems (SAAL) to purchase SAAL’s business and assets relating Arabits for a total purchase price of AED 37.1 Mn (including VAT). The transaction finalized in 1Q24, upon complete payment of the purchase price.

Alef Education offers a diverse multilingual product solution that caters to various cultures, subjects, grades, and languages. The offerings include personalized learning experiences in Arabic to overcome language barriers, customized learning solutions in English to equip students for a globalized experience, and offerings also consist of personalized learning in Bahasa to cater to 649,000 students among 1.1 Mn registered students in FY2023 in Indonesia. Additionally, the Company plans to further incorporate additional languages to meet the diverse needs of students worldwide.

Figure 06: Alef Education Arabic Focused Product offerings



Source: Company Information

Alef Education Embraces Comprehensive Approach to Enhance Education through Technology

Alef ensures a scalable platform for its end users through the AI-driven technology

The education ecosystem has undergone a significant shift from traditional methods towards technology-driven approaches. Historically the traditional education system struggled with limited personalization, minimal engagement from students and parents, and restricted material accessibility. However, the emergence of AI-technology-driven educational systems led to increased engagement and accessibility post-pandemic. The pandemic created a set of conditions in which students of all ages have been learning remotely providing an opportunity to demonstrate the efficacy of distance education since then. Access to affordable data packages, flexibility, convenience, and the integration of AI-driven growth are gradually making the online education system more appealing for students and professionals.

Alef Education’s propriety AI technology delivers a personalized interactive education solution through Generative and cutting-edge AI Applications. Generative AI application conducts impact analysis through research, supports differentiation, offers targeted practice, and automates

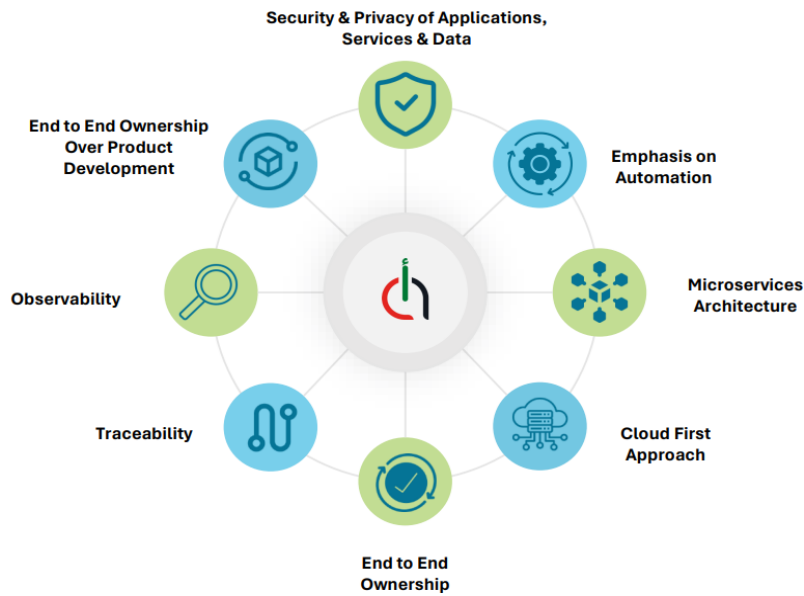
The Company's automation, microservices architecture, and cloud-first approach enhance the scalability of the business

question generation through AI, thereby saving teachers time in curriculum creation and automation of processes. While cutting-edge AI application offers personalized and interactive educational solutions to students, parents, and teachers.

Alef Education's technology methodology encompasses several key pillars to ensure the Security and privacy of applications, services & data. Additionally, Alef Education prioritizes automation, utilizes microservices architecture, and adopts a cloud-first approach to enhance scalability through AI driven approach. The microservices architecture employed by Alef breaks down its platform into various independently deployable components, facilitating agile delivery. Over 90 microservices are deployed across five production tenants. The Company provides a secure platform to its end users by implementing strict security compliance policies and continuously monitoring with regular security audits and assessments conducted by dedicated security teams.

Alef Education's technological development includes a data-driven and decision-making approach by placing data and research at the core of the development processes. This approach ensures that products are developed using cloud-native infrastructure, allowing scalability into new markets while maintaining security standards and cost-effectiveness. The Company ensures a scalable platform for its end users through the AI-driven technology. Furthermore, end-to-end ownership ensures traceability and observability throughout the product development process.

Figure 07: Alef Education Technological Business Model



Source: Company Information

Technological Optimization through Partnerships with Global Tech Providers

Alef Education's product development focuses on end-to-end ownership, SaaS offerings, data-driven designs, and continuous improvement of tech metrics

Alef Education uses its technological capabilities in product development as follows:

- **End-to-End Ownership:** Alef Education's teams possess complete ownership from development to production and support, to facilitate rapid iterations and prompt issue resolution
- **Preferring for SaaS:** The Company is opting for SaaS to offer custom solutions, faster development, and reduced maintenance overhead. In addition, SaaS promotes agile processes for continuous improvement of teamwork.
- **Data-Driven Design:** Alef Education's design decisions are driven as per the requirements and data information. The Company utilizes domain-driven design principles for data design based on the information provided.

Alef Education has strategic partnerships with global technological providers like AWS, ACER, Google for Education, Microsoft, MetaMetrics, and Etisalat Digital

- **Continuous Improvement:** Regular monitoring of tech metrics including DevOps Research and Assessment (DORA) metrics, security, team health, usage, cost, quality, and resources, drive continuous improvement and faster value delivery. The Company prioritizes proactive monitoring and quick issue resolutions through observability, traceability, automated alerting, and recovery mechanisms.

Alef Education has strategic global partnerships and significant collaborations with renowned technology providers, including AWS, ACER, Google for Education, Microsoft, MetaMetrics, and Etisalat Digital, with **Amazon Web Services (AWS)**, Alef Education hosts its data platform and collaborates on developing AI education models. **ACER's** partnership involves providing Chromebook laptops to ADEK students for accessing the platform. Collaborations with **Google for Education** span across devices, enterprise software, cloud infrastructure, and AI services. **Microsoft's** collaboration extends to devices, enterprise software, cloud services, and AI, with Alef leveraging Azure for its AI Tutor component. The partnership with **MetaMetrics** aims to develop an Arabic Lexile reading scale enhancing literacy assessment across the MENA region. Additionally, Alef Education collaborates with **Etisalat Digital** for staff augmentation services and supports growth in the Company's schools across various roles such as service desk positions, system administration, asset management, and network support.

Figure 08: Alef Education Partnerships across the Global Technological Providers



Source: Company Information

Differentiated and Engaging Content Enhances the Learning Outcome

Alef Education developed 15,870 subject lessons, English, Math, Science, Arabic, and Islamic and social studies in line with the UAE curriculum

Alef Education provides differentiated and engaging educational materials that align with specific learning objectives and involves several key steps to develop:

1. Identification of unique learning outcomes.
2. Development of content either internally or through third-party vendors.
3. Review by quality assurance teams to ensure compliance with cultural standards.
4. Testing of the released content for student use.

The Content is **designed** by the Company to engage learners of all age groups and incorporated to allow AI-driven recommendations. In addition, the contents are **developed** in such a way as to match the learner's objectives of diverse markets and ensure **translation** from different linguistic languages for the students. The quality assurance team also reviews the Company content to ensure the contents are aligned with regional and cultural sensitivities. Alef Education ensures the creation of interactive and engaging learning environments through AI tools that

facilitate a deeper understanding of concepts and enhance student information retention. Thus, the contents are crafted in **various formats** such as videos, text, and quizzes to engage student's focus and interest in a particular subject.

Alef Education is creating diverse educational content to enhance the learning experience and involves various elements:

- **Assessment Questions Published:** A total of 285,000 assessment questions have been published and designed with the motive of adapting them to different geographies.
- **Video production:** A total of 25,000 videos were produced with the flexibility to be utilized in multiple geographies.
- **English lessons:** Developed 2,750 English lessons with adaptability for use in multiple regions.
- **Math and science lessons:** 10,025 lessons in math and science are created with adaptability to different geographic settings.
- **Arabic lessons:** 1,825 Arabic lessons were developed, tailored specifically for the local context, and not adaptable to other regions.
- **Islamic and social studies lessons:** 1,270 lessons in Islamic and social studies have been produced and are also designed for the local curriculum and not adaptable to other regions.

In total, Alef Education developed 15,870 subject lessons aligned with the UAE curriculum. The Company garnered numerous awards for its exceptional content provided to students.

Figure 09: Alef Education Content Development Process

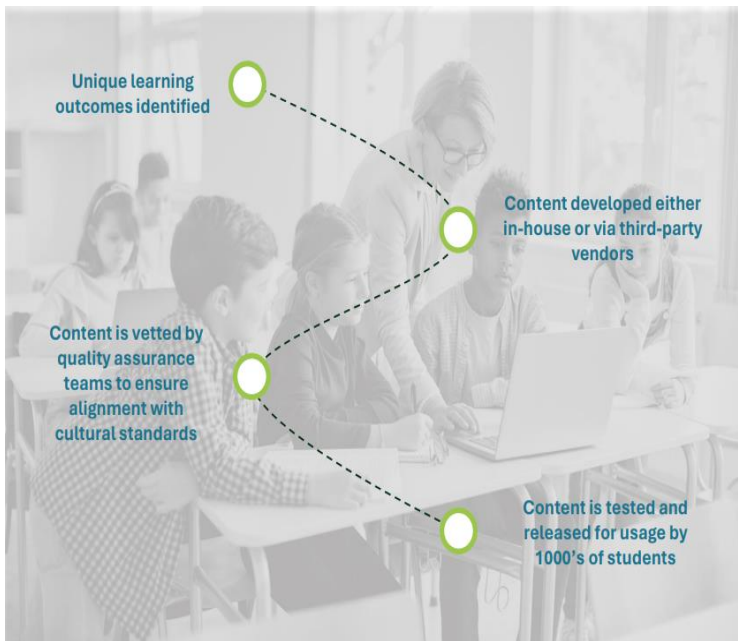
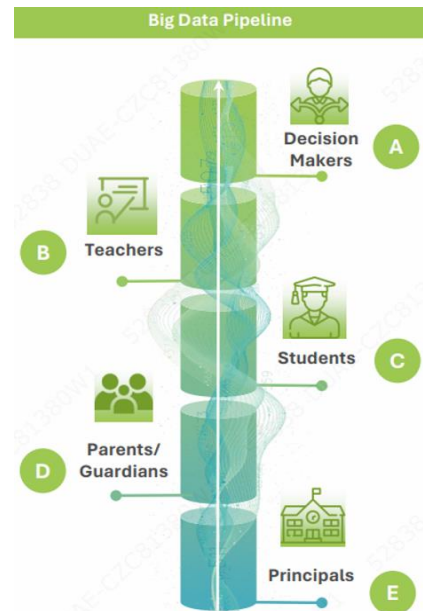


Figure 10: Alef Education Big Data Plan



Source: Company Information

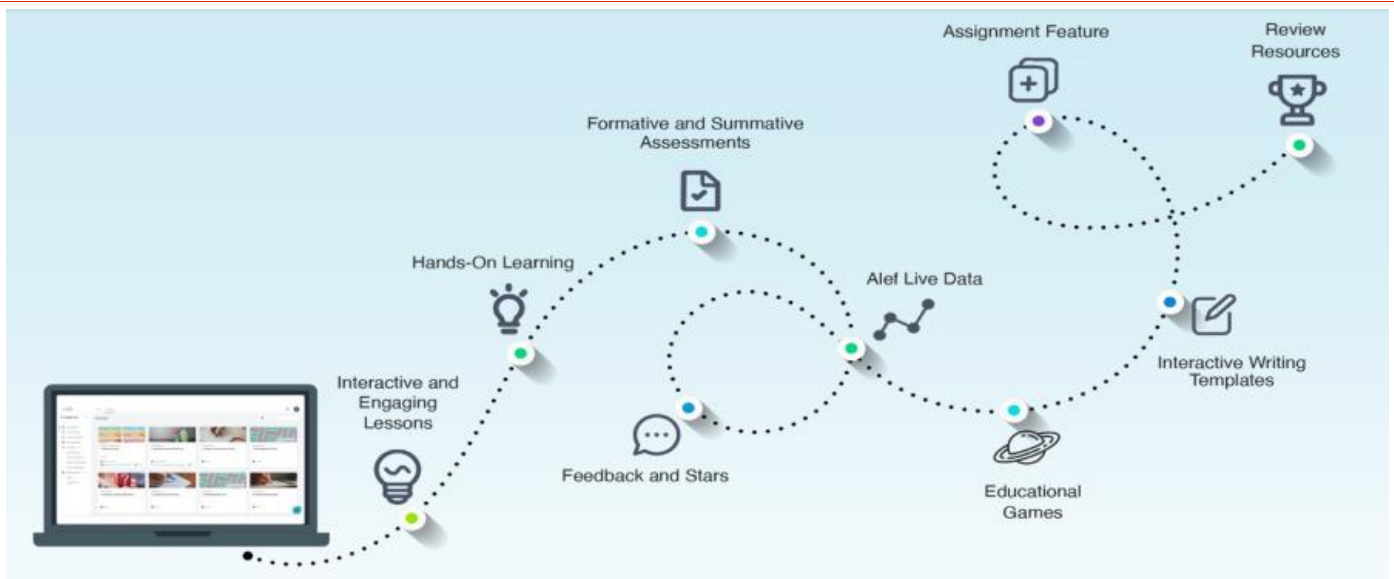
Alef Education’s AI-Powered Learning Solutions Benefit All Key Stakeholders

Alef Education provides teachers a value proposition with a comprehensive platform enabling real-time monitoring of student’s progress, assessments, and analytics

Alef Education’s engaging content is further supported by AI-driven technologies that facilitate deeper understanding and retention of concepts for students. In addition, Alef Education’s AI-powered learning solutions play a pivotal role in improving learning outcomes by enhancing higher interactive and engaging sessions among students and teachers. The Company’s mobile app further enhances student engagement and parental involvement and offers real-time progress, tracking, personalized recommendations, and direct communication with teachers. Alef Education's advanced AI-powered learning solutions help the key stakeholders as follows:

1. **Decision Makers:** The AI-powered real-time dashboard offers comprehensive insights to aid decision-making processes including trend analysis, machine learning models, research inquiries, correlation assessments, predictive analytics, efficacy studies, historical data examination, and progress reporting.
2. **Teachers:** Alef Education provides teachers a value proposition with a comprehensive platform enabling real-time monitoring of student progress, assessments, and analytics by reducing preparation time and administrative burdens, thus allowing teachers to focus on facilitating student learning. Key Features include:
 - **Integrated Content** with curriculum-aligned lesson plans delivered digitally.
 - **Streamlined Dashboard** for centralized assignment and assessment management.
 - **Tailored Delivery** of Study lessons designed for students with differentiated levels.
 - **Interim Checkpoints** to track the progress and performance of student’s performance.
 - **Advanced School Monitoring:** real-time data for school-wide monitoring.
 - **Supplementary Learning Model:** Used as a primary and supplemental learning model.

Figure 11: Alef Education Value Proposition for Teachers



Source: Company Information

Alef Education launched a new mobile app in 2023 to benefit both students and parents on the growth path of their educational assessments

4. **Students** experience comprehensive and engaging content with personalized recommendations. Alef Education's solutions bridge the learning gap between students and teachers through interactive learning experiences. The Company launched the new mobile app in January 2023 and it is available in Arabic, English, and Bahasa languages. The app aims to enhance student engagement by offering a seamless mobile experience across Alef's platform. The app supports effective student development and offers a growth path that includes **skill and level matching** through self-paced learning mechanisms. **Diagnostic assessments** guide students along learning paths to each student addressing the skills and concepts they need to progress. Educators utilize **lesson planning and progress assessment** tools to adapt instruction levels accordingly.
5. **Parents/Guardians** benefit from child tracking and direct communication with teachers with real-time progress monitoring for every learner. Alef Education focuses on parents' engagement through the new mobile app. The app benefits parents by monitoring students' learning outcomes. The app provides:
 - **Parental Insights:** Alef Education provides comprehensive insights into their child's educational journey through regular updates on students learning gaps and progress.
 - **Guardian Snapshot:** Daily updates of the school day and any pending tasks to be performed by them.
 - **Subject Tracker:** The real-time performance through the app helps the guardians monitor the child's progress across subjects.
 - **School Connect:** Additionally, the user-friendly School Connect app offers convenient access to messages and updates from teachers and administrators.
 - **Performance Insight:** Weekly performance reports further enhance parental understanding by offering detailed breakdowns of their child's progress, achievements, and areas for improvement.
6. **Principals and Schools** educators have access to comprehensive data both historical and real-time to evaluate the student's performance and the development of instructional strategies for each student's potential. Principals and school educators have access to real-time data to monitor classrooms and students with customized weekly reports to stay up to date on school progress. Historical data tracking and quantification of class performance highlight areas of achievement and areas requiring support from both students and parents. Real-time dashboards provide immediate, comprehensive insights for proactive decision-making of students' performance. Furthermore, school performance reports offer a consolidated view of overall school performance.

Well-defined Strategic Roadmap to Strengthen B2G and Expand B2B Segment

The Company plans to grow its presence in the digital instructional material with a market size of AED 51.3 Bn across UAE, MENA and emerging markets

Alef Education's growth strategy consists of three key pillars which are aimed at expanding its market presence through the introduction of new products, contract wins, and expansion across new geographies. The growth strategy hinges on the following points -

1. **Super-Serve the UAE:** The Company is committed to serving the UAE market by replicating its successful partnership with ADEK to expand its presence in the UAE. The total Addressable Market (TAM) across digital and physical for B2G and digital infrastructure materials for B2B in UAE stood at AED 4.3 Bn.
2. **High Impact B2G:** Alef Education aims to grow its presence in the B2G market other than UAE. It plans to offer tailor-made end-to-end educational solutions to transform

educational outcomes globally with a TAM of c. AED 22.0 Bn across physical and digital instructional material in focused geographies.

- 3. Among B2B world leaders:** In addition to expanding in the B2G segment, the Company plans to expand its presence into the B2B segment. It will offer teaching and learning platforms through integrated platforms to empower schools and school groups to enhance educational outcomes. The segment with a TAM of c. AED 25.0 Bn across digital instructional material in focused geographies.

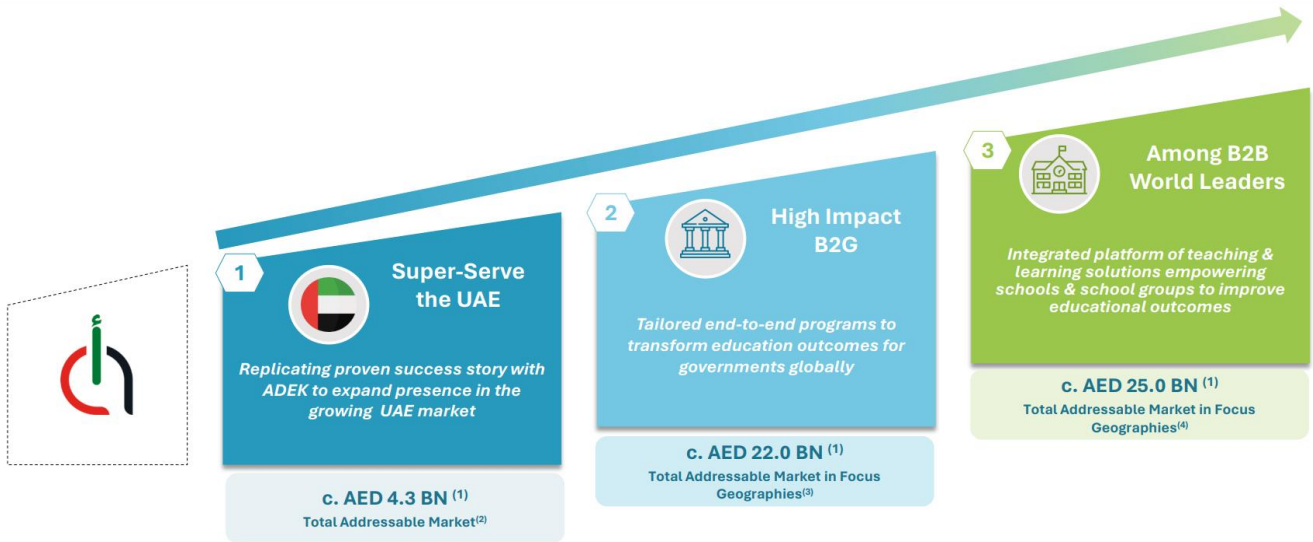
Alef Education aims to start younger students' education for K-4 to meet the need for 1.0 Mn 0-8-year-old students in the UAE

Alef Education provides education solutions to B2G and B2B Segments in UAE and further aims to strengthen its position in both segments. Currently, the B2G segment provides learning solutions from grades 5 to 12 across over 330 public schools in UAE and contributed 99.7% of total revenue in FY2023. The Company has 100% coverage of UAE public schools across grades 5 to 12. Alef Education further aims to grow its presence in the B2G segment by tapping into the UAE market from kindergarten to grade four and launching new modules on subjects & new areas. It aims to tap into a TAM worth AED 1 Bn of which the Company currently captures c.50%. To further achieve the targeted growth plans, the Company aims to expand its strategy by broadening the scope to include younger students specifically those studying in Grades K-4 and further introduce new modules such as assessments and critical thinking skills into the Alef Platform. Alef Education focuses on increasing the number of younger students in UAE as the country boasts of c. 1.0 Mn students between 0-8 years old and these children need high-quality early childhood education. Additionally, c. 33% of K12 students in UAE are categorized as experiencing "learning poverty" and lag behind their international peers in assessments like PISA, TIMMS, and PIRLS. Thus, Alef Education plans to introduce educational programs on the 'Alef Junior' digital platform to help students overcome the challenges and expand its highly scalable business. The programs offered on the Alef digital platform will focus on building core skills such as literacy and numeracy, as well as essential life skills like collaboration, communication, and problem-solving. In Abu Dhabi, grades K-4 consist of c. 70,000 students, and the Company further plans to propose their existing contract to include these students.

Alef Education commenced to further monetize the B2B market in FY2022. It offered a learning solution in 287 private schools in UAE and contributed c. 0.3% of total revenue in FY2023. The Company is prioritizing B2B expansion as a key focus area for the growth strategies in the emirate through:

1. Growing the presence across the number of schools.
2. Adding the number of products offered to each school.
3. Enhancing pricing strategies for modules per school.
4. Ensuring customer satisfaction to drive high renewal rates.

Figure 12: Alef Education’s Growth Strategy



Source: Company Information, Tyton Partners IP and analysis, Notes: ⁽¹⁾ Converted at a USD: AED rate of 3.67; ⁽²⁾ Includes physical and digital instructional material for B2G and digital infrastructure materials for B2B; ⁽³⁾ Includes physical and digital instructional material, ⁽⁴⁾ Includes only digital instructional material

Alef Education Plans Product Portfolio Expansion Through Organic and Inorganic Initiatives

The Company plans to introduce new product modules within its Alef Platform through organic and inorganic growth initiatives

The Company already has plans to strengthen B2G and expand into the B2B segment. It also plans to expand its product portfolio through organic and inorganic means. The Company’s objective is to emphasize mid-term growth initiatives primarily by expanding internationally into regions with comparable curricula. Additionally, the Company plans to introduce new product modules within its Alef Platform solutions.

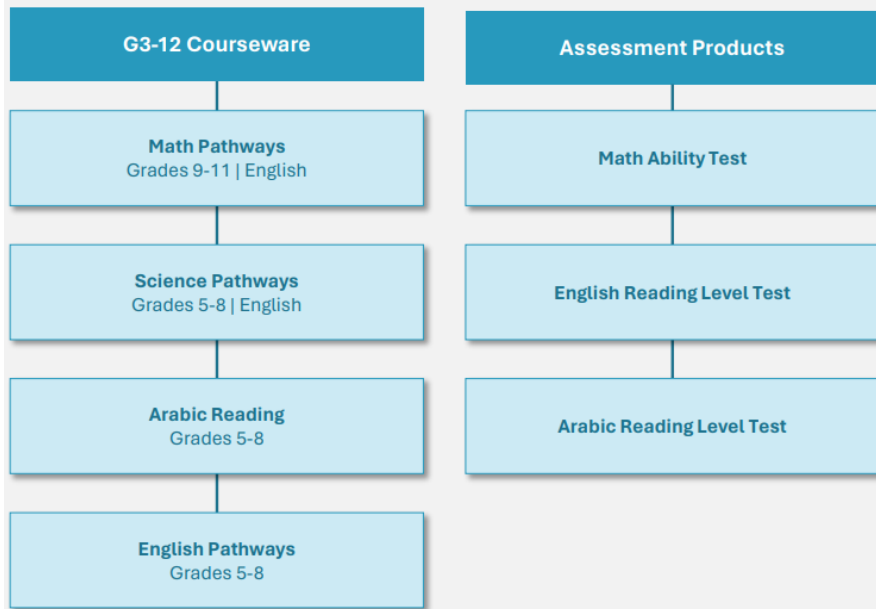
Alef Education plans to scale through the continuous expansion of its existing product offering. Some examples include:

- **Expansion of G3-12 Courseware:** The Company aims to expand its core offering by including curriculum-aligned core, supplemental, and power skills content in English, Arabic, and local curriculum in specific markets.
- **Early Childhood Education (ECE) (K-2) Courseware:** Alef Education plans to introduce ECE by focusing on literacy and numeracy content for K-2 students in both English and Arabic languages.
- **K-12 Assessments:** It focuses on offering a baseline portfolio and progress assessments across subjects, characterized by low CAC and CTS.
- **Innovative Solutions for Future Learners:** The Company aims to introduce cutting-edge products for schools and individual learners using the latest advanced technologies.
- **Teacher Support:** The Company plans to provide comprehensive data analytics and insights for students' development.

The Company’s organic expansion plans introduce a new product pipeline namely ‘G3-12 Courseware’ and other ‘Assessment Products’ in FY2024

Alef Education's current product portfolio includes Alef Platform which caters to the UAE MoE core curriculum and also offers learning solution in Bahasa language for Indonesian students, Abjadiyat for K-4 students, Arabits for non-native speakers in Arabic for K-12 students, and Math Pathways for grades 3-8 in both English and Arabic languages. Moreover, the Company further plans to add the existing offering by developing multiple products thus growing its comprehensive educational solutions across varying ages and multiple subjects. The Company plans to introduce new products and courseware of its existing Edtech Solutions to scale its business plans. Alef Education’s product pipeline for 2024 includes new Solutions for the smooth learning experience. The product pipeline includes **G3-12 Courseware** featuring Math Pathways for grades 9-11 in English language, Science Pathways designed for grades 5-8 in English, Arabic Reading material for grades 5-8, and English Pathways for grades 5-8. Additionally, it includes **Assessment Products** like the Math Ability Test, English Reading Level Test, and Arabic Reading Level Test. The expansion of product offerings will open new avenues of growth and boost growth.

Figure 13: Organic Growth Product Pipeline for FY2024



Source: Company Information

Inorganic Growth Plans include M&A Strategies for Future Expansion and Transformation

Alef Education focuses on an inorganic growth strategy which depends on priority focused approach and a Dynamic approach to its M&A growth plans

The Dynamic Approach aims to acquire targets that are large, well-established, and headquartered in developed markets

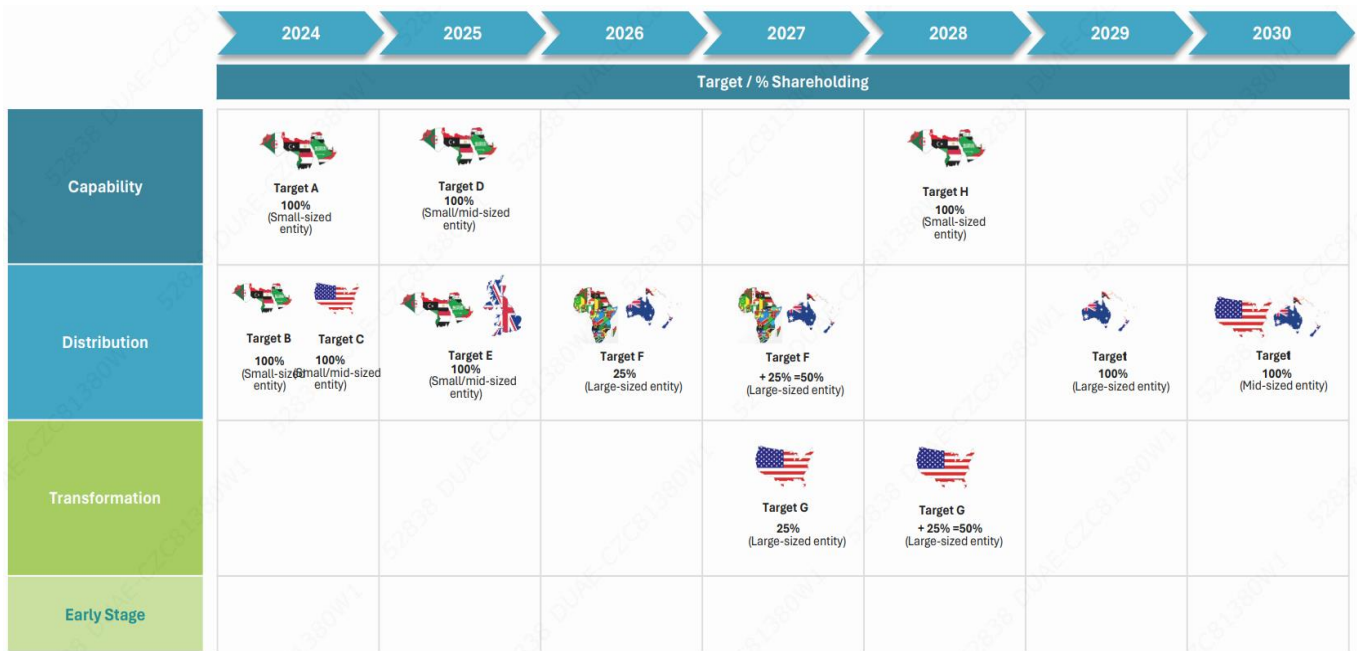
Alef Education's inorganic expansion plan involves a systematic approach for FY2024-FY2030

Apart from expansion through product portfolio, new contract wins and expand its reach in focus markets, Alef Education's also plans to grow inorganically. It adopted core and selective M&A levers strategy to expand inorganically. The Company's approach to strategizing inorganic growth is based on a **priority-focused approach** that includes an ability to quickly grow the business, and capitalizing on the existing capabilities and presence. In this approach, Alef Education focuses on acquiring small and mid-sized companies. It further defines size of the Company based on the total revenue generated during a given year. The small entity includes companies with revenues below AED 35 Mn, mid-sized entities signify revenues ranging between AED 35 Mn and 200 Mn, and large-sized business with revenue exceeding AED 200 Mn. Through these acquisition plans, Alef Education aims to combine with businesses with established technologies, and capabilities across its products, content, and services, thereby accelerating its internal development processes and mitigating associated risks. Additionally, the acquisitions facilitate cross-selling opportunities within the Company's diverse portfolio. Moreover, by acquiring local markets, proprietary distribution channels, and established customer bases in target markets, Alef Education further plans to expand into new geographies. The distribution strategic plan includes merging its traditional players onto the Alef platform and digitally transforming its cross-selling products into markets.

A dynamic approach is adopted by the Company to leverage "accelerants" to drive transformative scale or financial outcomes rapidly. Under this approach, it will acquire majority and minority stakes in small and large companies. The approach allows the Company to acquire targets that serve as accelerants for rapid expansion and scaling capabilities. The targets will be large, well-established businesses, predominantly headquartered in developed markets, offering the potential for cross-selling opportunities across various markets for large-sized markets. Additionally, investments in early-stage ventures plan to secure visibility and long-term strategic and financial advantages. The activation of the M&A strategy serves to mitigate risks associated with entering or expanding in B2B and B2G markets while also improving revenue and market reach expansion plans. Meanwhile, in the last 10 months, Alef Education considered 15 companies as potential targets (comprising 8 with capabilities, 6 with distribution channels, and 1 at an early stage) and advanced beyond the stage of NDA execution.

Alef Education's inorganic expansion strategy involves a systematic approach to acquire companies over FY2024-FY2030. In FY2024 and FY2025, the company focuses on acquiring 100% ownership of small and mid-sized entities with capabilities and distribution channels. Subsequently, for FY2026-FY2027, Alef Education targets large-sized companies, intending to acquire ownership stakes ranging from 25% to 50% thus combining both distributive and transformative elements allowing the Company to scale its operations and market reach strategically. In FY2029-FY2030, Alef Education plans to target both large and mid-sized entities focusing on distributive approaches across its product lines while aiming for 100% ownership. This strategic roadmap reflects the Company's commitment to leveraging inorganic expansion to enhance its market position and achieve sustained growth. In addition, it has well-defined criteria in place to find suitable targets. The targets will be identified based on following key screening criteria including Alignment, Impact and Actionability. The criteria will also help find how each opportunity aligns with the Alef Education M&A strategy.

Figure 14: Inorganic Expansion Plan



Source: Company Information

Inorganic Purchase of Abjadiyat and MetaMetrics Supported the Company’s Growth and Market Leadership

Alef Education benefits from the inorganic purchase of Abjadiyat in 1Q24 and expanded across multiple geographies like KSA and Egypt

Alef Education aims to focus on increasing its inorganic growth expansion plans through a purchase strategy of Abjadiyat. The Abjadiyat purchase amounted for AED 11.7 Mn in 1Q24. The Company follows a systematic approach to integration which involves several key steps including establishing integration objectives, thorough assessments of both companies, developing detailed integration plans, monitoring progress making necessary adjustments if required, and evaluating the integration's success. Moreover, by purchasing Abjadiyat, the Company developed B2B offerings and expanded into multiple geographies like KSA and Egypt. It transitioned Abjadiyat from a B2C to a B2B model and led the acquired company to provide product offerings into the institutional education market. Abjadiyat is also positioned as an essential tool for offering learning solutions for personalized learning. The inorganic integration led to exponential growth in the customer base from 2,000 to 26,500 users, and further anticipated substantial growth in user base in the upcoming years.

Alef Education benefits from the growth of inorganic expansion through a strategic partnership with MetaMetrics, an established education research organization with c. 40 years of experience. The collaboration aimed to benefit the publishers by aligning the Arabic reading materials with a standardized scale and expanding the Company’s reach into other Arabic-speaking regions. Additionally, the partnership provided a distinctive B2G strategic approach empowering governments to measure and assess students' reading levels and progress using data-driven strategies.

Pandemic and Digitization of the Education Ecosystem Supported Topline Growth

Alef Education’s key segments include Educational Solutions and Support & Services contributing 87.6% and 12.4% of the total revenue in FY2023

Alef Education is a leading global provider of educational technology that facilitates modern learning methods for both public and private schools in the UAE. The Company partnered with the ADEK to support the majority of G5-12 public schools in the UAE and the contract is set to end in FY2030. Additionally, Alef Education also partnered with Project M, a non-contracted project with an expiration date set for August 2025, with only one year remaining on the contract term. Alef Education generates revenue from two segments including Educational Solutions and Support & Services. Alef Education’s total revenue grew at a CAGR of 6.0% from AED 667 Mn in FY2021 to AED 750 Mn in FY2023 mainly due to the growing digitization of the education system post-pandemic. In addition, the Company revenue remained flat from AED 176 Mn in 1Q23 to AED 177 Mn in 1Q24. Total revenue declined 3.0% from AED 773 Mn in FY2022 to AED 750 Mn in FY2023 due to the cyclical nature of the Support & Services segment. Alef Education is adding new products and expanding into new geographies that demonstrate the platform's scalability, which further adds growth potential to the top line. The Company’s Education Solutions grew 5.9% CAGR from AED 586 Mn in FY2021 to AED 657 Mn in FY2023 and remained flat between 1Q23 and 1Q24 at AED 164 Mn contributing a majority of 87.6% of the total revenue in FY2023. The growth in the segment is mainly due to the number of students served under the ADEK Agreement stood at 65,000 students until August 2021 and was increased to 80,000 students from September 2021 onwards with the rollout of G-12 in ADEK. The Support & Services segment provides additional IT set-up and maintenance services and records a 6.5% CAGR growth from AED 82 Mn in FY2021 to AED 93 Mn in FY2023 contributing 12.4% of the total revenue in FY2023. The Support & Service segment revenue increased from AED 12 Mn in 1Q23 to AED 13 Mn in 1Q24 noting majority of the portion of ADEK IT fees is recognized in 3Q23. The segment is cyclical and refreshes its school-related infrastructure every five years and student-related devices every four years as per the ADEK contract.

Alef Education operates as a capex-light business model thus benefitting from the advantaged cost position due to its front-loading of content, and limited technology development cost which allows it to scale the business with limited capex requirements. Thus, the Company generated strong cash flows. Free cash flow increased from AED 230 Mn in FY2021 to AED 447 Mn in FY2023. In addition, the Company recorded a decline in the FCF from AED 178 Mn in 1Q23 to AED 140 Mn in 1Q24 mainly due to higher capex attributed to the acquisition of Arabits and Abjadiyat.

Figure 15: Alef Education segmental revenue (AED Mn)

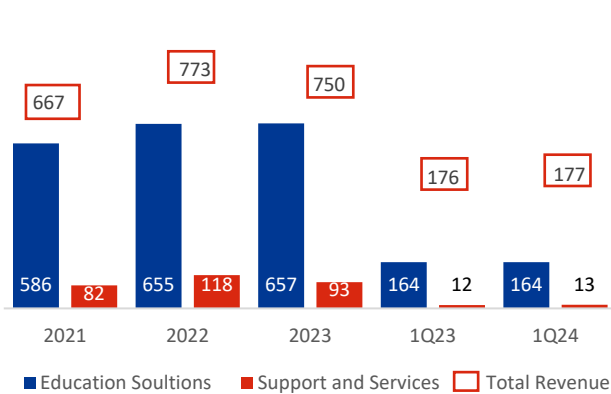
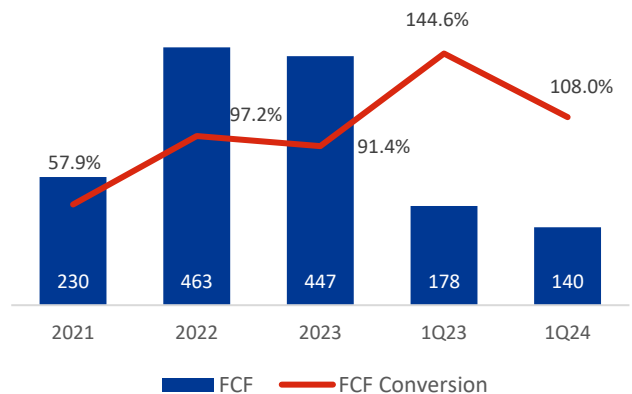


Figure 16: Free cash flow (AED Mn) and cash conversion (%)



Source: Company Information, Note: (1) FCF = Operating free cash flows – Capex (cash portion), (2) FCF Conversion = FCF/Adjusted EBITDA, (3) OFCF = Adjusted EBITDA +/- change in working capital.

Optimization of Operations Boosted Margins

Alef Education recorded a strong adjusted EBITDA CAGR growth of 11.2% from AED 396 Mn in FY2021 to AED 489 Mn in FY2023

Alef Education’s adjusted EBITDA increased from AED 396 Mn in FY2021 to AED 489 Mn in FY2023, with an improved adjusted EBITDA margin of 65.3% in 2023 compared to 59.3% in FY2021. The growth in adjusted EBITDA is mainly due to optimization of content development costs and capitalization of the new product development costs such as Alef Pathways. Moreover, the Company recorded adjusted EBITDA of AED 130 Mn in 1Q24 with an adjusted EBITDA margin of 73.5% in 1Q24 compared to 70.2% in 1Q23. In addition, the Company’s net profit recorded a CAGR growth of 12.5% from AED 359 Mn in FY2021 to AED 455 Mn in FY2023 with an adjusted net profit margin of 60.7% in FY2023. The growth is primarily driven by a rise in the Education Solutions segment due to an increase in the number of students served within the ADEK contract coupled with cost optimization. Moreover, the Company recorded an adjusted net profit of AED 114 in 1Q23 to AED 110 Mn in 1Q24. Meanwhile, the Support & Services segment recorded a decline in net profit from AED 31 Mn in FY2022 to AED 25 Mn in FY2023.

Figure 17: Adjusted EBITDA ⁽¹⁾ (AED Mn) and Margin (%)

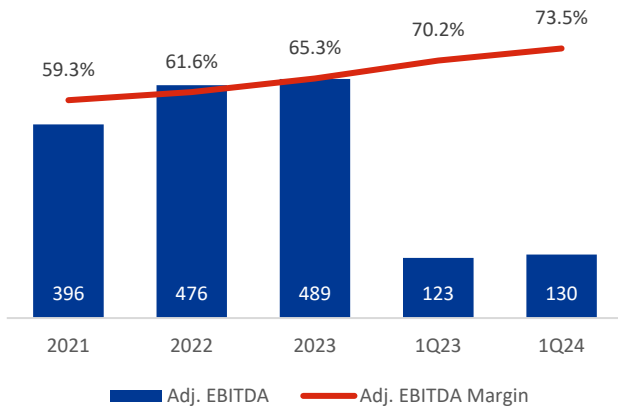
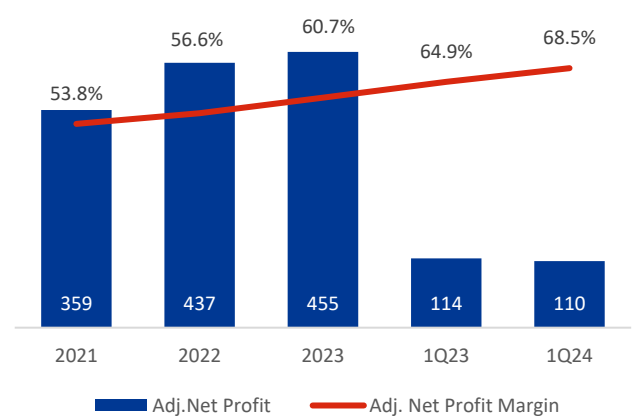


Figure 18: Adjusted Net Profit ⁽²⁾ (AED, Mn) and Margin (%)



Source: Company Information, Note: ⁽¹⁾ Adj. EBITDA = Net profit – interest income – Income from investments carried at FV through profit or loss + interest expense on lease liability + income tax expense + depreciation of PPE/ROU asset + amortization of intangibles. ⁽²⁾ Adj. Net Profit = Net profit – income from financial assets carried at fair value through profit and loss – interest income

Environmental, Social, and Corporate Governance

Robust ESG Measures Ensure a Sustainable Education Ecosystem

The Company's ESG strategy is divided into 8 strategic priorities with 22 unique initiatives to be implemented over the next six years

- Alef's Education ESG framework is centered around eight strategic priorities further supported by 22 initiatives. This will encompass the three pillars of environmental, social, and governance. The Company also plans to report their progress on these initiatives in its first sustainability report to be published in FY2025.
- In terms of environmental initiatives, the Company aims to track and improve greenhouse gas emissions. It intends to invest in carbon offset projects and incorporate environmental education into its curriculum to promote social and emotional awareness, critical thinking, and collaborative skills. Alef Education also plans to sell or donate outdated devices to schools and promote recycling electronics to reduce e-waste. The company's environmental policy will provide training related to environmental risk.
- The Company prioritizes equitable and inclusive education for all. As part of this strategic goal, Alef Education strengthens the local community by providing educational opportunities to underprivileged students and collaborating with the local workforce to support the professional growth of educators. It also emphasizes local workforce sourcing to empower them.
- Alef Education maintains strong governance by adhering to high ethical standards and integrity. It enforces measures to keep its board independent, promotes ethical practices throughout the organization, and supports whistleblowing channels. Additionally, the Company formed an ESG subcommittee and established strategic delivery measures to support transparent and effective governance.

Figure 19: ESG Pillars



Source: Company Information

Promoting Sustainable Practices Through Innovative Measures

The Company’s environmental strategy prioritizes efficient energy usage, embraces green cloud computing, minimizing e-waste, and promote climate education

- Around the world, educators, policymakers, and organizations acknowledge the critical role of climate change education being incorporated in K-12 education to raise awareness. For instance, UNESCO’s ESD for 2030—Education for Sustainable Development—initiative strives to “create a fairer and more sustainable world” by enhancing sustainable development education and help to achieve the 17 Sustainable Development Goals (SDGs).

Many countries, including the United Arab Emirates, have proactively integrated climate education into their school curriculum. The UAE government encourages environmental awareness among students through initiatives like the UAE Green Education Partnership Roadmap and Sustainable Schools Initiative (SSI). International seminars, conferences, and workshops underscore the significance of embedding climate action in education and discuss practical ways to implement sustainable practices in schools. COP28 is one such event that enhances climate awareness through events like the Student Energy Summit (SES), Cop Connect, and the UNESCO-UNFCCC webinar series. Alef Education served as a key partner at the Education Pavilion during COP28 at Expo City Dubai. The Company also takes part in the Educators Voice initiative, a collaborative effort between the Ministry of Education and the Office for Climate Education. This program offers a platform to acknowledge and support educators’ dedication to raising climate awareness and incorporate climate change topics into the school curriculum.

- In terms of environmental initiatives, the Company has identified two key priorities to bolster its sustainability efforts. Firstly, under the emissions, climate, and energy objective, the Company plans to allocate AED 0.5 Mn toward addressing environmental risks and opportunities. It also aims to decrease energy usage in its data centers by exploring green cloud computing options and plans to invest in carbon offset projects. Under the umbrella of environmental stewardship, Alef Education seeks to create and effectively communicate its environmental policy to its workforce. It also aims to provide training on environmental risks to its workforce. Moreover, to minimize its e-waste impact, the Company either sells its outdated devices or donates them to educational institutions

Figure 20: Environmental Initiatives



Source: Company Information

Driving Social and Educational Progress with Inclusive Workforce Initiatives

Alef Education social strategy prioritizes equitable education, local employment, sustainability training,

Alef Education employs a strong team of industry experts and seasoned professionals from prestigious organizations such as Deloitte, PWC, KPMG, London Business School and other reputed organizations. The workforce expanded from 97 employees in FY2017 to 400 employees in FY2023.

and gender diversity for an inclusive workplace

The Company emphasizes transparency throughout the employee journey:

- **Talent Acquisition:** The HR team focuses on recruiting top-tier talent while staying competitive in the job market.
- **Training & Development:** Alef Education cultivates a positive work culture by assessing resource availability, recognition, empowerment, and growth to boost engagement and support employee success. The Company offers various training programs to promote learning and professional development, including courses on health, safety, cybersecurity, and more.
- **Talent Retention:** The Company prioritizes employee retention through a comprehensive program that fosters motivation and nurtures strong employee relationships. Recognition initiatives and community-building activities strengthen team unity and morale.

Alef Education’s social efforts demonstrate its commitment to provide equitable education and community growth. It plans to spend AED 1 Mn to provide education to underserved communities by 2030. The Company will work with global NGOs and local partners to provide education to underprivileged students.

The Company is committed to source talent locally and provide education to employees children by 2024. The Company prioritizes the professional development of educators and aims to upskill 3,000 people each year by 2030. Furthermore, Alef strives for gender diversity with 50% female representation across the organization, fostering inclusivity and equality in the workplace. These comprehensive initiatives together highlight Alef’s commitment to making meaningful contributions to social and educational advancement.

Figure 21: Social Initiatives



Source: Company Information

Robust Governance Structure and Ethical Standards in Compliance with Local Laws and Regulations

Alef Education’s governance strategy centres on ensuring regulatory compliance and fostering responsible business practices through targeted training and oversight

Alef Education’s governance structure follows local regulations and complies with the Securities and Commodities Authority (SCA) Corporate Governance Guide 2020. The Company will set up various committees to provide effective oversight and management of its operations.

- **Board of Directors:** The board will be comprising of seven members, including the Chairman and will be appointed in line with SCA regulations. The committee offers strategic oversight of the Company’s management and business, meeting at least four times a year.
- **Board Executive Committee:** This group will include a skilled team of members who review aspects related to the Company’s commercial, financial, and operational performance, as well as function and planning. It will further analyse reports about the group and review matters concerning the executive committee and related party transactions. This committee will plan to meet every 4-6 weeks.

- **Audit & Risk Committee:** The committee will form and oversee corporate governance, risk management, legal & compliance, financial and non-financial reporting, as well as internal and statutory audits. It will plan to meet every three months. The number of members and qualifications of the members will be in line with SCA requirements.
- **Remuneration and Nomination Committee:** The committee will establish and further align with SCA independence guidelines and to oversee remuneration, senior appointments, and succession planning. It evaluates board performance and meets at least once a year or when required.

The Company’s governance ESG initiatives emphasize maintaining high ethical standards and promoting responsible business operations. Alef Education ensures the Board’s composition aligns with Securities and Commodities Authority (SCA) guidelines and maintain the required share of Independent Directors. It strives for a 100% completion rate in Code of Conduct compliance and full participation in conflict-of-interest disclosures.

Alef Education aims for all employees to undergo training on ethical standards and whistleblowing policies. It also aims to provide training on information security to all employees by 2024 and intends to allocate 90% of its supply chain spending to suppliers who have signed the Supplier Code of Conduct by 2026.

Figure 22: Governance



Source: Company Information

Key Investment Highlights

Large and Growing Addressable Market Supported by Strong Macro-Tailwinds

Global Commercial and Instructional Material Expenditure Drives the Company's Revenue Visibility

The global commercial spending on K-12 education is expected to reach AED 1,215 Bn by FY2027

The education sector witnessed significant growth and transformation due to a rise in Edtech learning outcomes and a growing demand for personalized & accessible education solutions over the years. Post-pandemic Edtech has undergone major changes due to the adoption of remote learning solutions. The global commercial spending on K-12 education increased to AED 998 Bn in FY2023 and is further expected to reach AED 1,215 Bn by FY2027. Out of this, the commercial expenditure on EdTech is also expected to grow from AED 220 Bn in FY2023 to AED 411 Bn in FY2027. The global expenditure on instructional material of K-12 is the key market for Alef Education. The K-12 private education market pertains to privately funded schools and educational institutions catering to students from kindergarten through 12th grade. The private sector's annual expenditure in the global K-12 education market amounts to USD 750 Bn, representing c. 19% of the global student population educated in private schools.

Instructional Material Expenditure is projected to increase to c. 88% from AED 117 Bn in FY2023 to AED 220 Bn by FY2027

The transition from traditional to digital learning is reflected in the increased government expenditure on instructional material. K-12 instructional materials are the tools used by teachers and students in educational lessons for both active learning and assessment. The global K-12 expenditure on Instructional Materials is expected to grow from AED 323 Bn in FY2023 to AED 338 Bn in FY2027. The market share of EdTech spending in the global K-12 instructional materials market is anticipated to surge from 36% to 65%. In addition, the EdTech global K-12 expenditure is expected to increase from AED 117 Bn in FY2023 to AED 220 Bn by FY2027. Alef Education is primarily focused on the instructional material for K-12 students. Thus, the increased expenditure on instructional materials and the projected surge in EdTech spending align with the Company's core offerings and further enhance its revenue visibility.

Figure 23: Global K-12 Commercial Expenditure (AED, Bn)

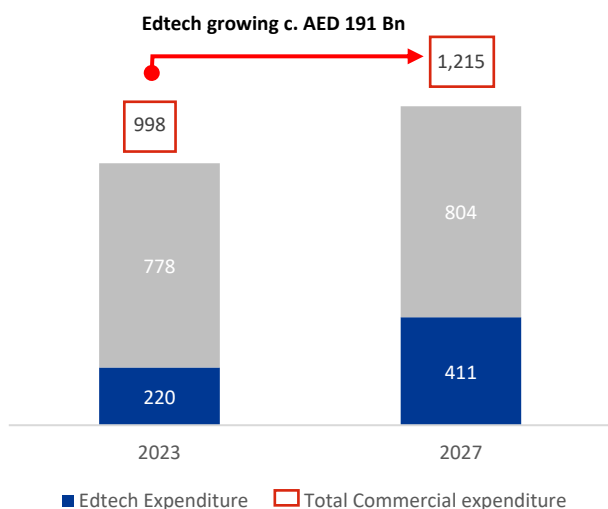
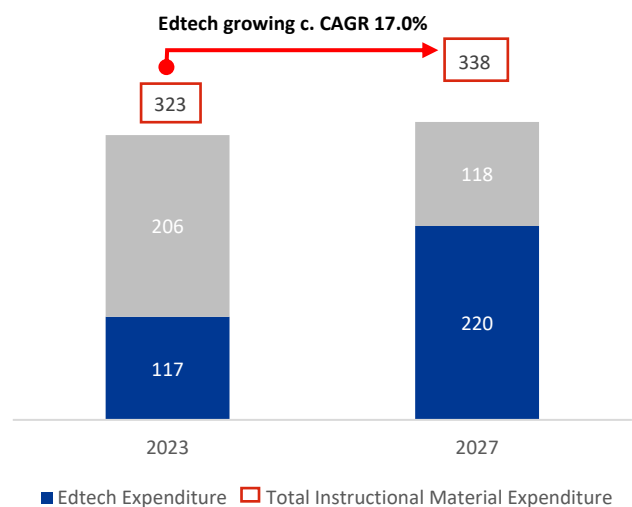


Figure 24: Global K-12 Instructional Materials Expenditure (AED, Bn)



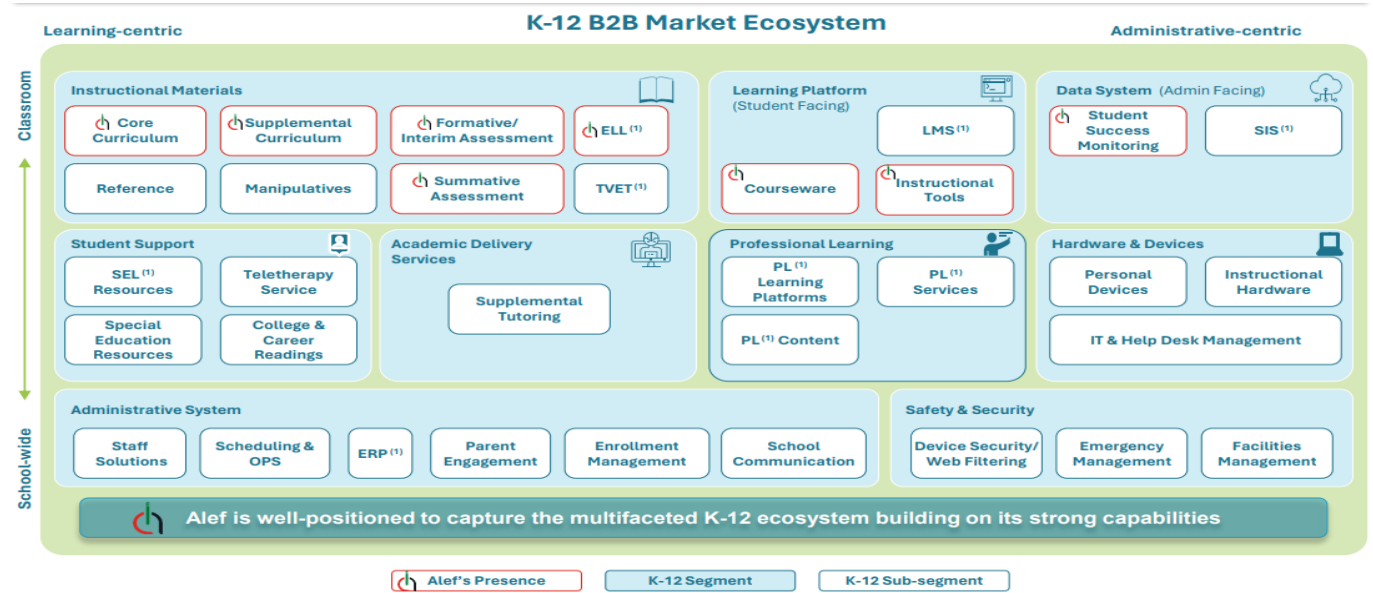
Source: Company Information, Tyton Partners IP and analysis

Alef Education Benefits from the K-12 Instructional Material Market TAM across its Target Markets

The global K-12 Edtech’s instructional material TAM size reached c. AED 220 Bn in FY2027

Across the key markets in terms of estimated K-12 enrollment is the highest in the USA and Indonesia which stands at 50 Mn and 50.1 Mn respectively. In the UAE, total enrolment for K-12 students stands at 1.1 Mn, with 356K students in public schools and 782K in private schools. While, in Saudi Arabia, the total enrolment reaches 6.8 Mn, with 5.8 Mn students in public schools and 915K in private schools. Alef Education’s targeted market of Morocco has a total K-12 estimated enrolment of 7.6 Mn comprising 6.5 Mn students in public schools and 1.1 Mn in private schools. Alef Education possesses a higher ability to grow its TAM to the MENA region for its G3-12 courseware. The Company aims to expand its core offerings by including a curriculum that includes multi-lingual content in densely populated emerging markets. This further benefits the Company by expanding its reach and revenue streams across various target markets. Alef Education’s presence in different markets provides cross-market learning opportunities, boosting the scalability of the Company’s revenue streams. The TAM for K-12 instructional materials in the UAE is valued at AED 4.3 Bn, with a notable CAGR of 4.0% in student enrollment from FY2019 to FY2023. The Company is well-positioned to meet the growing need for digital educational solutions within this expansive market. Moreover, the Company stands to benefit from significant opportunities in the USA and KSA, where the TAM for K-12 learning materials is highly competitive which is estimated at AED 27.5 Bn and AED 5.9 Bn, respectively.

Figure 25: K-12 B2B Instructional Material Market



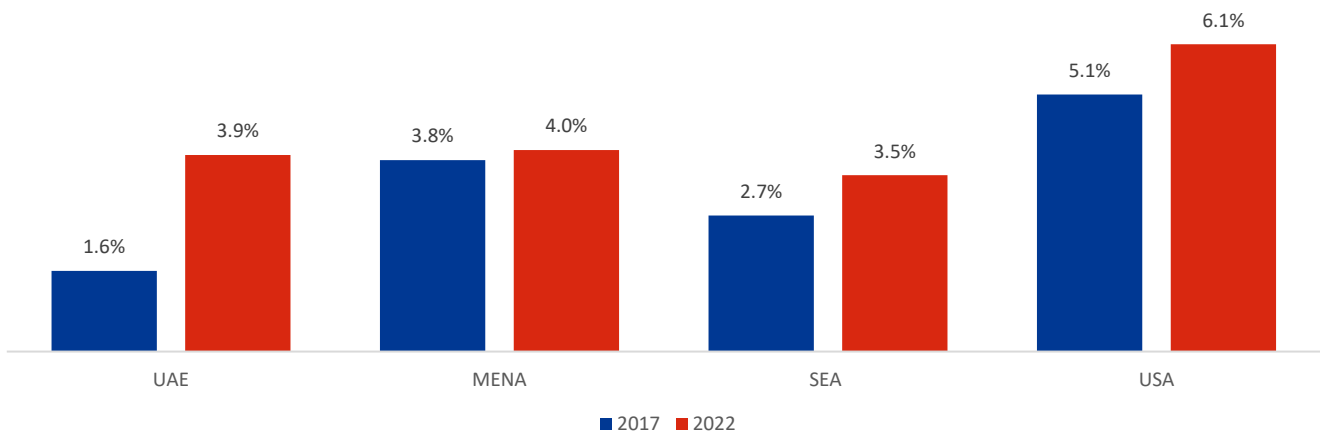
Source: Company Information, Note: ⁽¹⁾ ELL refers to English Language Learners, TVET refers to Technical and Vocational Education Training, LMS refers to Learning Management System, SIS refers to Student Information System, SEL refers to Social and Emotional Learning, PL refers to Professional Learning, ERP refers to Enterprise Resource Planning

Alef Education Expands its B2G Growth Opportunities Amid Government Support

The government spending (as a % of GDP) on the education sector was relatively low in the UAE at 1.6% compared to 3.8% in the MENA region in FY2017

In addition, to the growing global commercial and instructional material expenditure, the government is also allocating a sizeable portion of its budget towards the sector. However, government spending (as a % of GDP) on education grew in the UAE from 1.6% in FY2017 to 3.9% in FY2022. In addition, government spending in the MENA region marginally grew from 3.8% in FY2017 to 4.0% in FY2022. In Southeast Asia (SEA) government spending stood at 3.5% in FY2022. Meanwhile, the USA's spending remained the highest at 5.1% in FY2017 and rose to 6.1% in FY2022. The countries are relatively taking considerable steps towards the education sector to further grow the Edtech learning solutions across the region. Thus, with the increase in government spending on Edtech solutions, Alef Education has an opportunity to partner with government authorities to further increase its B2G organic growth portfolio with additional product offerings.

Figure 26: Government spending on Education (as a % of GDP)



Source: Company Information, Tyton Partners IP and analysis

Alef Education Expands its Global Reach with Personalized Bilingual Solutions and Long-Term Government Contracts

Alef Education is expanding its operations to multiple countries like UAE, USA, Morocco, and Indonesia

Highly Scalable Business with Robust Content and Flexible Technology drives International Expansion

The Company is expanding its operations to multiple countries, including the UAE, USA, and Indonesia, by offering versatile & adaptable educational content coupled with flexible & robust technological Solutions which are suitable for diverse learning environments. The Company is headquartered in UAE and serves 663 schools, including both private and public institutions, with a total of 434K registered students as of FY2023. It serves 37 schools in the USA including 15.6K registered students in FY2023. In Indonesia, Alef Education has a presence in 6K schools reaching 649K students as of FY2023. Additionally, Jordan serves as a hub for product development and does not include any students or schools as of FY2023. Alef Education operates in multiple international locations which cater to a broad range of student base and allows the Company to access new markets and further diversify its revenue streams.

Alef Education operates a highly scalable business model which provides learning solutions in multiple languages. The **versatile Arabic lessons** for both native and non-native speakers can easily be transferred across diverse geographical locations. The **customizable core curriculum** and strong localization cater to various educational systems and regions. The Company

The highly scalable business model of Alef Education focuses on Versatile Arabic lessons coupled with Flexible Technological Solutions

prioritizes jurisdictions where content transferability enables seamless implementation thus facilitating efficient market entry and expansion. Moreover, Alef Education’s flexible and robust technology solutions are available across multiple platforms to enhance accessibility and accommodate different learning preferences for both students and teachers. Alef education not only expands the reach but also ensures adaptability to diverse educational environments.

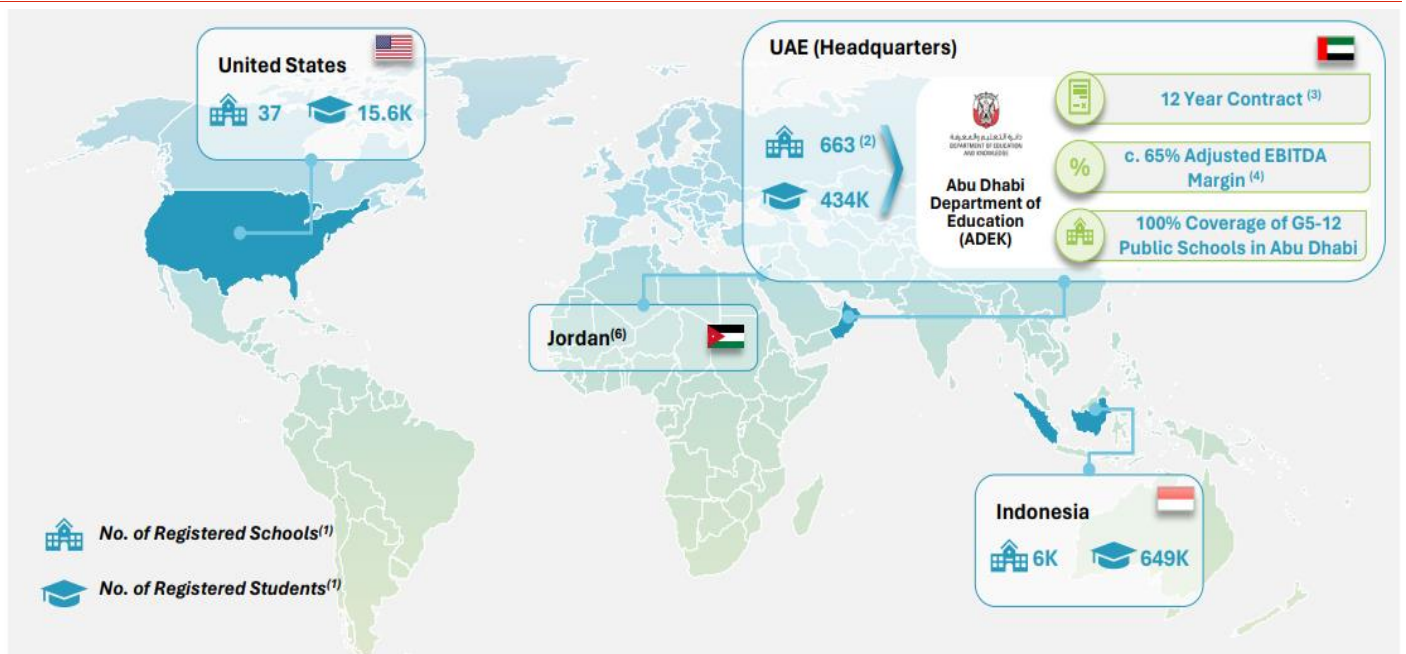
The Company’s products demonstrated proven success in key operational markets such as students in Indonesia recorded 22.5% growth in interim scores and an 8.5% average overall improvement in Arabic, Math, and Math MTs test scores between FY2021-2023. Alef Education also witnessed a 13.3% average increase in Arabic Subject Diagnostic Test Scores in Morocco. The UAE students recorded a 12.1% improvement in grades after using Alef Education learning solutions. International expansion enables Alef Education to capitalize on economies of scale. The Company plans to further extend its international expansion and increase its customer base which distributes its fixed cost more efficiently leading to lower average cost per student and thus potentially improving higher profit margins.

Alef Education Multilingual Content Boost its Customer Base across the Targeted Countries

Alef Education offers multilingual learning solutions in Arabic, English, and Bahasa

Alef Education offers multilingual Educational Solutions to meet the diverse needs of students worldwide. The Company offers Edtech solutions through its various platforms which include personalized learning in Arabic, which helps overcome language barriers across different linguistic students. Similarly, Alef Education offers customized learning solutions in the English language which helps to fill the gap between the learning solutions and students. The provision of personalized learning in Bahasa specifically targets the needs of a large number of registered students in Indonesia. Additionally, by offering learning solutions in Bahasa, Alef Education caters to the unique educational requirements of this demographic, thereby enhancing its relevance and appeal in the Indonesian market. The personalized learning in Bahasa meets the needs of 649K registered students in Indonesia for FY2023. It further plans to offer solutions in more languages which will help in meeting the requirements of students worldwide.

Figure 27: International Expansion



Source: Company Information, Notes: ⁽¹⁾ As of 2023; ⁽²⁾ Includes private and public schools; ⁽³⁾ 7 years remaining in the contract; ⁽⁴⁾ As of 2023A; ⁽⁶⁾ Represents a product development hub and does not include any students or schools.

Alef Education aims to partner with governments across various international markets emphasizing B2G collaborations across Tier 1 and Tier 2 Markets

Alef Education Strives to Become a Preferred Choice for the Government Globally with a Special Focus Across Tier 1 and Tier 2 Markets

Alef Education provides personalized multi-lingual educational solutions to governments such as ADEK through long-term contracts in the UAE. The Contract with the government focuses on three critical areas:

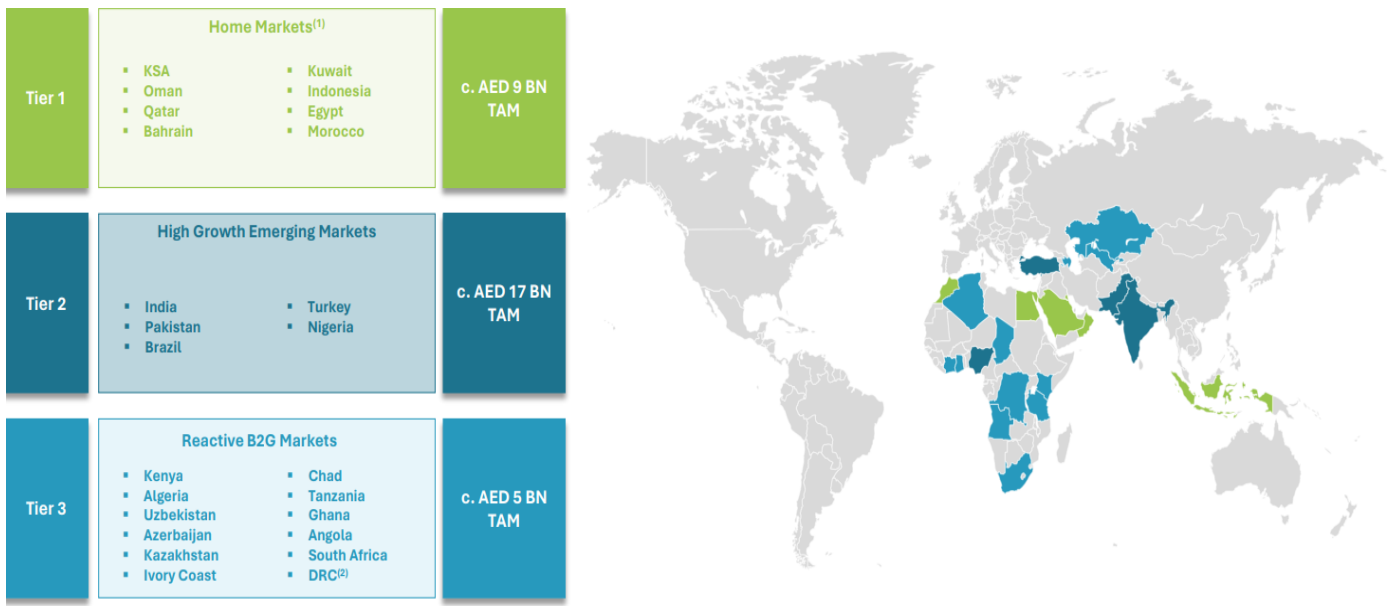
- **Assessments and nationwide learning insights-** Alef Education supports Ministries of Education by providing students with equipped tools to evaluate their learning experience, identify potential gaps between students' learnings and its outcomes.
- **Teaching and learning content-** The Company supports schools in filling educational gaps between learners and educators thus enhancing student outcomes through comprehensive teaching and learning materials.
- **Teacher Development and Change Management-** Alef Education improves the quality and capacity of teachers to support the student's progress within the education system.

Alef Education aims to partner with governments across various international markets by emphasizing on B2G collaborations. The Company's B2G strategy initially targets Tier 1 and Tier 2 markets while the remaining Tier 3 markets are open to inbound opportunities. In Tier 1 countries, Alef Education emphasizes on home markets and regions with geographic and cultural proximity. The Company is currently active in GCC, Indonesia, Egypt, and Morocco, with an estimated TAM of c. AED 9.0 Bn. Alef Education focuses on Tier 2 countries, which are comprised of high-growth emerging markets such as India, Pakistan, Brazil, Turkey, and Nigeria, with a TAM of c. AED 17.0 Bn. Additionally, Tier 1 and Tier 2 countries consist of more developed education systems and higher demand for innovative educational solutions which drives Alef Education's revenue visibility. Meanwhile, Tier 3 countries are reactive B2G markets like Kenya, Algeria, Uzbekistan, Azerbaijan, Kazakhstan, Ivory Coast, Chad, Tanzania, Ghana, Angola, South Africa, and the Democratic Republic of Congo, with an estimated TAM of c. AED 5 Bn.

Alef Education's proactive approach to penetrating these markets includes:

1. **Generating Organic Leads:** Alef Education leverages leadership, marketing efforts, direct sales teams, events, and partnerships to and generate organic leads.
2. **Alignment with UAE's Strategic Development Plans:** The Company's strategic development plans align with UAE government entities like the Ministry of Foreign Affairs (MoFA) and the Abu Dhabi Fund for Development while supporting trade missions to enhance the global presence.
3. **Monitoring and Responding to Tenders:** Alef Education actively monitors and responds to tenders by subscribing to major portals, securing a strong partner network, and concentrating on key tenders such as those from the World Bank.

Figure 28: Alef Education’s Focused Markets for B2G opportunities



Source: Company Information

Successful International Expansion in B2G Markets in Indonesia and Morocco Bodes Well for Future Growth

The Company identified monetization opportunities in Indonesian markets through partnerships with the Ministry of Religious Affairs and the Ministry of Education at both central and district levels

Alef Education aims to expand its B2G long-term contracts with governments and further targets to penetrate high-growth emerging markets across the world. The strategy allows the Company to broaden its revenue streams while catering to the diverse needs of students and educators. Alef Education’s international expansion in the B2G market particularly in Indonesia and Morocco boosts the Company’s customer base in international markets.

In **Indonesia**, Alef Education registered 29K teachers and onboarded 8K as of June 2023, along with a significant student base of 649K as of December 2023. Alef Education solidified its presence within the Indonesian education system through contractual agreements or MoUs. The high satisfaction rate of 92% among teachers, coupled with an average of 8.5% increase in final exam scores for students helps Alef Education in enhancing its learning outcomes. Alef Education plans to monetize Indonesia’s market success opens room for partnership with the Ministry of Religious Affairs and the Ministry of Education at both central and district levels to enhance its revenue opportunities for the upcoming years.

The pilot project in Morocco initiates a subscription-based learning platform in September 2024

Meanwhile, in **Morocco**, Alef Education initiated a pilot project with 17 enrolled teachers and 966 students. This project yielded a significant improvement in final exam scores, with an overall 22.7% increase in final exam score for students and a robust 27% increase in test scores for Grade 9 English students. Moreover, the Company achieved a 94% satisfaction rate with a record of 465 monthly active users in March 2022. Alef Education thus benefits from its pilot project in Morocco through the subscription-based learning platform which offers content in English, Arabic, and French, to 157K subscribers across middle and high schools. The subscription-based project is expected to commence in September 2024. Thus, the pilot project initiatives are expected to benefit the Company by expanding its revenue streams through the Indonesian student base through partnerships with MoRA and MOE, and by initiating a subscription-based learning platform starting in September 2024 in Morocco.

Figure 29: Indonesia Teachers Survey

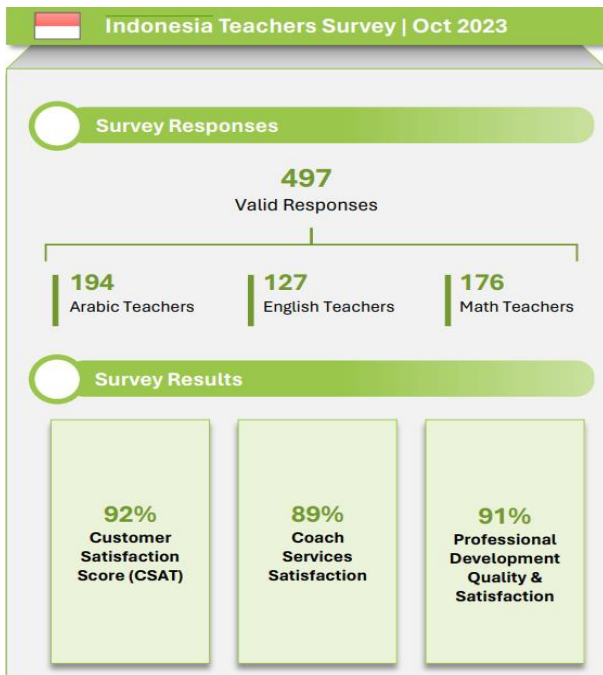


Figure 30: Pilot Project in Morocco ⁽¹⁾



Source: Company Information

Alef Education Targets B2B Expansion with Strategic Monetization Initiatives and Comprehensive Market Penetration Strategies

Alef Education monetizes the B2B market by maximizing the school penetration rate, optimize pricing, increasing products per school, and minimize the churn rate

Alef Education commenced to further monetize the B2B market from its extended B2G contracts. It offered learning solutions in 287 private schools in UAE and contributed c. 0.3% of total revenue in FY2023. The Company is prioritizing B2B expansion as a key focus area for the growth strategies in the emirate through:

1. Growing the presence across the number of schools.
2. Adding the number of products offered to each school.
3. Enhancing pricing strategies for modules per school.
4. Ensuring customer satisfaction to drive high renewal rates.

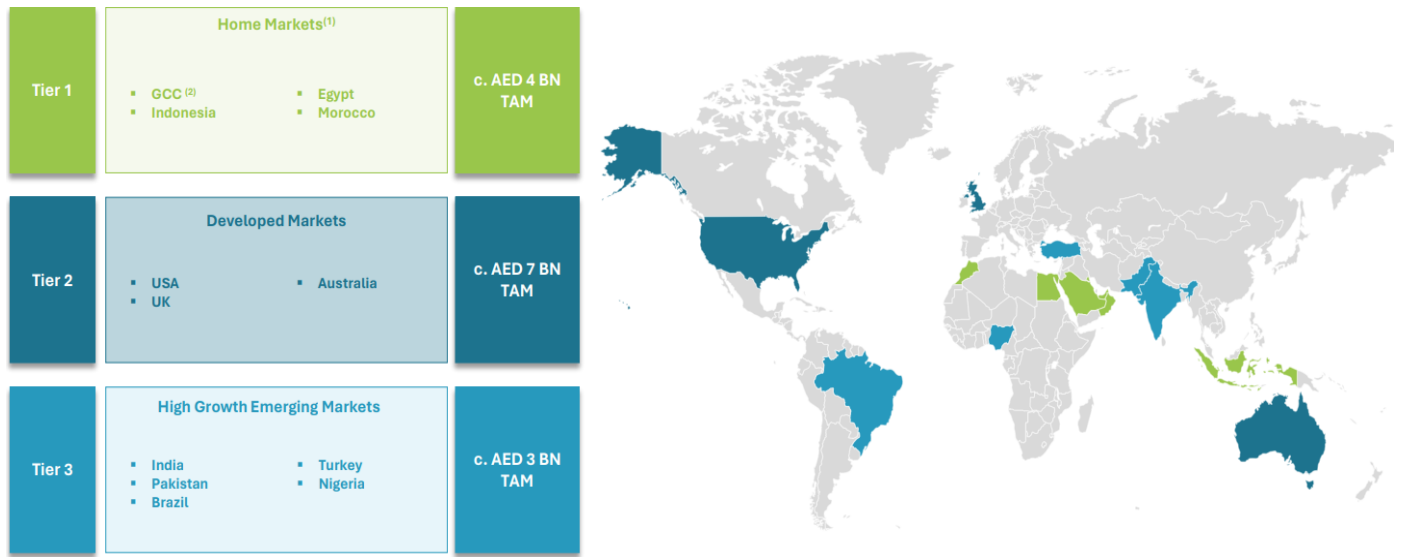
In addition, the Company, among the leaders in the B2B landscape outlines a comprehensive go-to-market strategy focusing on:

- **Maximizing School Penetration:** This entails investing in targeted local sales and marketing efforts by employing direct salesforces, resellers, channel partners, and various marketing initiatives like events.
- **Optimizing Pricing and Increase Products per School:** Alef Education plans to invest in its product portfolio, curriculum, engaging content language, and cultural references. The approach aims to achieve a strong product-market fit, measured by usage metrics and impact/efficacy assessments.
- **Minimizing Churn:** The Company aims to invest in customer success by providing in-house training and support teams or through partnerships. To minimize churn rate the Company uses renewal rates, usage metrics, Net Promoter Scores (NPS), and Customer Satisfaction (CSAT) scores.

The expansion of Alef Education’s B2B operations prioritizes markets with a particular emphasis on home markets comprising countries where the Company is currently established and those

with geographic and cultural affinity. The approach ensures a focused geographical strategy targeting Tier 1 to Tier 3 markets. Tier 1 markets with an estimated TAM of c. AED 4 Bn, includes the GCC countries (excluding the UAE), Indonesia, Egypt, and Morocco. These markets are prioritized due to their familiarity and proximity to Alef Education’s existing operations. Tier 2 markets with a TAM of c. AED 7 Bn consists of developed markets such as the USA, UK, and Australia. Tier 3 markets with a TAM of c. AED 3 Bn and encompasses high-growth emerging markets like India, Pakistan, Brazil, Turkey, and Nigeria. These markets offer significant potential for expansion and revenue generation for the Company due to its emerging educational infrastructure and greater purchasing power.

Figure 31: Alef Education’s Focused Markets for B2B Opportunities



Source: Company Information

Alef Education’s Expansion Plans in the B2B Market Drive Growth in the School Partnerships

In the UAE, the number of partnerships with B2B schools surged from 223 in January 2023 to 308 by March 2024 thus reflecting a substantial growth in the home markets

Alef Education’s strategic focus on expanding its B2B market presence yielded significant positive momentum with robust growth in the number of B2B schools across multiple countries. In the UAE, the number of partnerships with B2B schools surged from 223 in January 2023 to 308 by March 2024 thus reflecting a substantial growth in the home markets. Moreover, in Indonesia, the company’s partnership with private B2B schools grew from zero in January 2023 to over 200 schools by March 2024. In the USA, the Company witnessed a notable increase in its B2B partnership with the number of schools growing from 8 in January 2023 to 41 by March 2024. The growth in the B2B market reflects Alef Education’s ability to capitalize on market opportunities and establish a strong partnership with educational institutions which further drives growth and market presence in the education sector.

Figure 32: Alef Education’s Growth in the B2B Market



Source: Company Information

Alef Education Transforms its Educational Solutions through its Generative and Cutting-Edge AI Applications

Alef Education’s AI technology updates the training materials with the latest curriculum to ensure the learners are equipped with up-to-date and most relevant skills

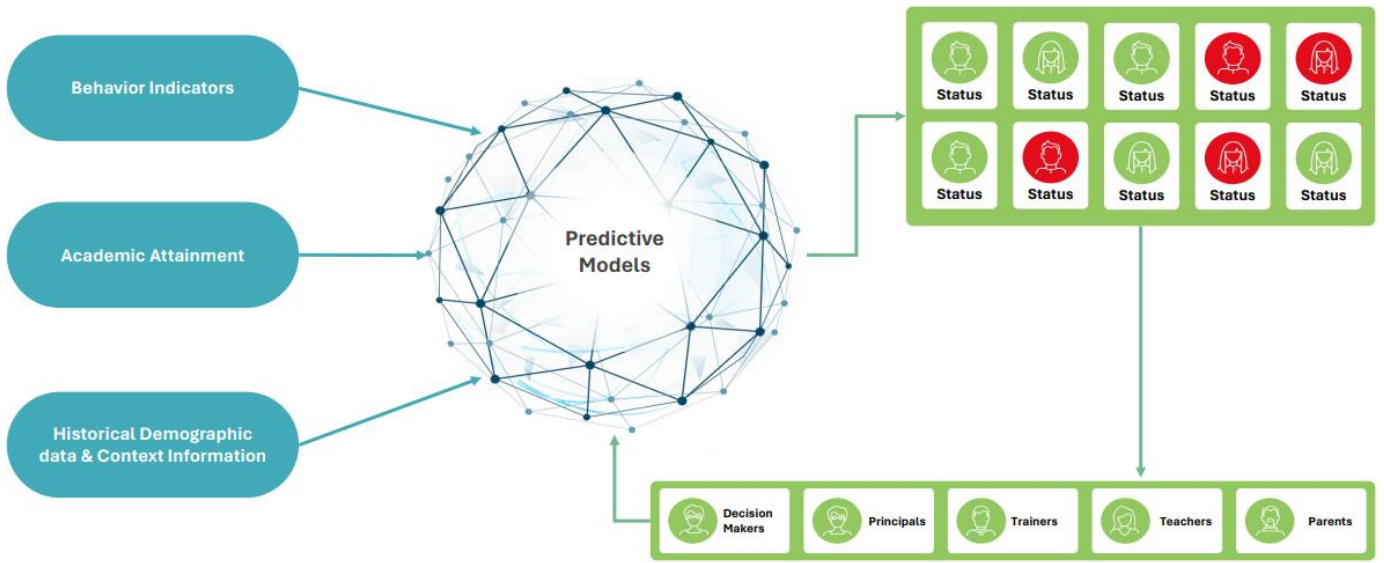
Alef Education Revolutionizes Learning with AI-Powered Solutions and Gamification

The education system witnessed a notable transformation by shifting away from traditional learning solutions towards technology-centric approaches. Alef Education’s technological solutions like Generative and Cutting-Edge AI applications led to easy access to educational outcomes, and further transformed traditional classrooms into adaptive and engaging learning environments.

Alef Education’s AI algorithm analyzes data to recognize each student’s unique learning patterns, strengths, and weaknesses, facilitating personalized and **adaptive content** delivery through its Generative AI Application, which significantly enhances personalized learning outcomes for students and adaptive content delivery. Thus, the Company’s AI technology updates training materials with the **latest curriculum** to ensure the learners are equipped with up-to-date and most relevant skills. With AI-powered translation tools, students can better understand complex topics by accessing content in their native language. Additionally, Alef Education prioritizes automation through cutting-edge AI Applications, utilizes microservices architecture, and adopts a cloud-first approach to enhance the scalability of the business model. The Company’s **Cloud-based platforms** offer students and educators the flexibility to access learning resources, collaborate on projects, and participate in virtual classrooms from anywhere across the globe. Thus, the approach ensures Alef Education’s scalability and growth in the revenue generation capacity by removing geographical and language barriers.

Alef Education’s **integration of gamification** and interactive learning techniques into the platforms transforms the educational journey for the students into an enjoyable and engaging learning experience. Gamified learning environments help students enhance their problem-solving abilities, collaborate effectively with peers, and delve into complex topics through simulations and a clear understanding of the subject matter. As a result, Alef Education can attract more users to its platform, increase engagement, and potentially drive revenue growth.

Figure 33: Alef Education’s Technological Growth Model



Source: Company Information

Alef Education’s Consistent Profitable Growth Coupled with Strong Financials

Alef Education is expected to derive revenue from B2G and B2B segments in the forecasted period and is expected to grow at a CAGR of 14.2% from AED 750 Mn in FY2023 to AED 1,455 Mn in FY2028

Recurring Topline Enhances Visibility Accompanied by Strong Organic and Inorganic Growth Plans

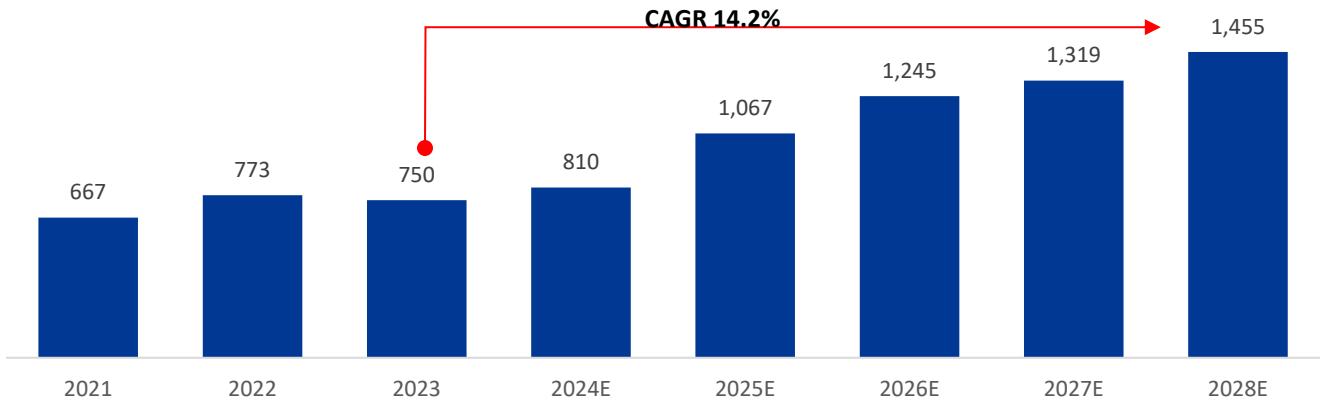
Alef Education witnessed steady top-line expansion across its various segments through the Education Solutions and Support & Service segment. The Company’s total revenue grew at a CAGR of 6.0% from AED 667 Mn in FY2021 to AED 750 Mn in FY2023 mainly due to the growing digitization of the education system post-pandemic. The rise in the Edtech sector through growth in digitization further supports recurring revenue growth for the period.

The Company further derives its revenue from the B2G (Contracted Revenue) Segment through long-term contracts with ADEK and Project M. We expect revenue from the B2G (Contracted Revenue) Segment to marginally decline from AED 750 Mn in FY2023 to AED 748 Mn in FY2028 mainly due to the long-term contract. ADEK contract is expected to generate a steady annual revenue of AED 646 Mn every year from FY2024-28. Furthermore, a new contract with ADEK targeting kindergarten to grade four students and an additional contract with Muhammad bin Zayed University, Government of Morocco and Others is projected to contribute c. AED 184 Mn annually from FY2025-28, indicating further growth potential. In addition to existing revenue streams, Alef Education aims to expand through M&A, product portfolio expansion and geographical diversification. The Company’s planned M&A activities, particularly in the B2B Growth Module segment are expected to boost the revenue, with anticipated deals in the GCC and the US, such as Lima (GCC), Western (US), and Romeo (US), potentially increase revenue from AED 31 Mn in FY2024 to AED 75 Mn in FY2028. Further, it plans to grow inorganically in the B2G segment by acquiring companies in the MENA and GCC regions. The Company successfully completed a joint venture agreement with Arabic Scale in March 2024. The revenue from the B2G Growth Module (Inorganic) Segment is expected to grow from AED 10 Mn in FY2024 to AED 76 Mn in FY2028. Alef Education also plans to boost revenue through product portfolio expansion in the UAE and other geographies. The revenue from B2B Growth (Organic) module is expected to grow from AED 5 Mn in FY2024 to AED 231 Mn in FY2028.

In addition, Alef Education’s revenue is further expected to grow at a CAGR of 14.2% from AED 750 Mn in FY2023 to AED 1,455 Mn in FY2028, supported by planned organic and inorganic

expansion across the B2G and B2B segments which is expected to derive new revenue stream for the Company going forward.

Figure 34: Total Revenue (AED, Mn)



Source: Company Information, FAB Securities research 2024-28

Profitability Growth and Capex-Light Model Drives Steady Free Cash Generation

Total EBITDA is anticipated to grow at a CAGR of 13.9% from AED 489 Mn in FY2023 to AED 939 Mn in FY2028

Alef Education's adjusted EBITDA is expected to grow at a CAGR of 13.9% from AED 489 Mn in FY2023 to AED 939 Mn in FY2028 mainly due to strong top-line growth. The Company's current ongoing long-term contracts and future expansion strategies are expected to drive future EBITDA growth. Adj EBITDA margin expanded from 59.3% in FY2021 to 65.3% in FY2023 mainly attributed to the benefit of operating leverage and optimization of technology expenses. Moreover, Alef Education's total EBITDA margin is expected to decline from 65.3% in FY2023 to 64.6% in FY2028 owing to the inorganic growth and expansion in the B2B segment which generates a lower margin compared to the existing contracted business. Adjusted net profit after tax (adjusted for income from financial assets carried at fair value through profit & loss and interest income from related party) is also expected to grow from AED 455 Mn in FY2023 to AED 773 Mn in FY2028.

Alef Education operates a capex-light business model with most of the capital expenditure directed towards the development of new platforms and content. Due to its healthy and profitable growth, the Company generates healthy free cash flow (FCF) over the period. Alef Education's free cash flow grew at a CAGR of 39.6% from AED 230 Mn in FY2021 to AED 447 Mn in FY2023. We expect the Company to generate healthy free cash flow even in the forecasted period due to the capex-light model coupled with healthy growth in revenue and margin expansion. It will generate a free cash flow of AED 732 Mn in FY2028 compared to AED 447 Mn in FY2023.

Figure 35: Adjusted EBITDA^{1,2} (AED, Mn) and Margin

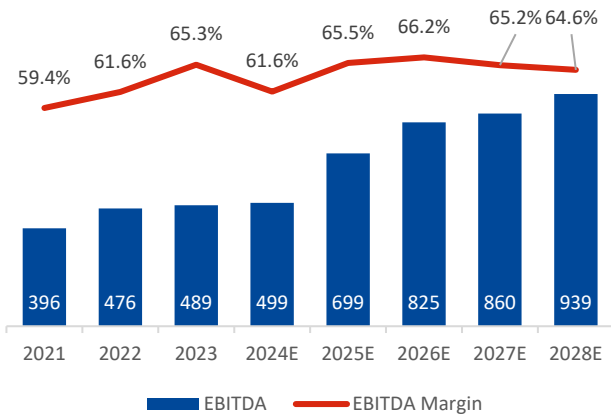
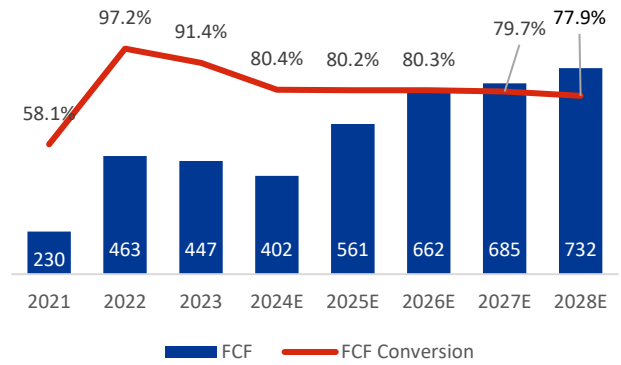


Figure 36: Free Cash Flow^{3,4} (AED, Mn)



Source: Company Information, FAB Securities research 2024-28. ¹ Adjusted EBITDA as reported from FY2021-23 and EBITDA from FY2024-28, ² Adj. EBITDA = Net profit – interest income – Income from investments carried at FV through profit or loss + interest expense on lease liability + income tax expense + depreciation of PPE/ROU asset + amortization of intangibles. ³ Free cashflow calculation for FY2021-23 – Adjusted EBITDA – Change in net working capital – capex, ⁴ Free cash flow is calculated in the forecasted period as EBITDA – Change in Working Capital – Capex – Tax, FCF conversion is calculated based on FCF/Adjusted EBITDA.

Highly Experienced Management Team

Experienced Management Team with a Long Track Record in the Business

Highly experienced with decades of experience in business

The Management team of Alef Education comprises of Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Growth Officer (CGO) and Chief Product Officer (CPO). The management team at Alef Education is highly experienced with significant years of professional experience in the industry.

Figure 37: Alef Education’s management team



Source: Company Information

Alef Education - Management

Strategic Advisor – Dr Aishah Al Yammahi

Dr. Aishah Al Yammahi acts as a Strategic Advisor for Alef Education. A thought leader with over 27 years of experience in the education sector, Dr. Aishah has been recognized among the 51 Emirati Women Achievers for her contributions to innovation in the UAE and for paving the way for future generations of inspiring women.



Dr. Aishah has held many roles in education in the public and private sectors, including the UAE Ministry of Education, where she oversaw the rollout of the Alef Education learning platform across public schools in Abu Dhabi.

Dr. Aishah also worked as the Director of the UAE National Commission for Education, Culture and Science at UNESCO, where she was introduced to many worldwide education systems. As part of the social role that Dr. Aishah deems a responsibility, she launched a successful social media campaign to cover topics related to education, AI and technology, and leadership. Her insightful contributions have been widely acknowledged, and she continues to be a leading voice in the field.

Dr. Aishah earned her doctorate in philosophy of education from The British University in Dubai (BUiD) after conducting in-depth research, which culminated in a published paper titled “Investigating the Impact of AI-Powered Digital Educational Platforms on Students’ Learning and Teachers’ Practice in Abu Dhabi Schools.” Preceding this, Dr. Aishah published additional

research conducted at BUiD in the Journal for Researching Education Practice and Theory titled “The impact of Alef Platform on students’ performance at Al Asayel School in Abu Dhabi, UAE.”

Dr. Aishah earned a Master of Business Administration and Management from Massey University in New Zealand.

Chief Executive Officer – Geoffrey Alphonso

A thought leader in education technology, Geoffrey has been listed among the 'Top 30 CEOs' list curated by Arabian Business and among the '100 Most Inspiring Leaders' in the Middle East list by Arabian Business. Geoffrey brings a background of strategic thinking. He has over 25 years of experience implementing business transformations in the North American, Australian, and Middle Eastern markets and has held senior positions in EdTech, telecommunications, and finance globally.



Prior to joining Alef Education, Geoffrey was General Manager and Head of Pearson Education’s digital business practice in the Middle East and Africa for over nine years. Geoffrey currently sits on the board of THAKI – a non-governmental organization that provides digital education products and services to underprivileged children in the MENA region – and is a member of the Forbes Technology Council.

Under his leadership, Alef Education has grown from a startup in 2016 to a prominent organization. As CEO of Alef Education and founding member of the AI award-winning Alef Platform, Geoffrey leads the overall vision, design, innovation, and product portfolio to cater to global growth at scale. He rapidly grew the company into five new markets, serving more than 1 Mn learners. Geoffrey also holds an MBA from London Business School.

Chief Financial Officer – Amit Choudhary

Amit has 23 years of multinational experience in Europe, the Bahamas, the Middle East, and India, including the last 17 years in the UAE. He spent 13 years with ‘Big Four’ accounting firms, including Deloitte & Touche, KPMG, and PricewaterhouseCoopers, followed by Waha Capital, where he was the Executive Director of Finance and Compliance.



Prior to joining Alef Education, Amit was the CFO of Qatar First Bank and Emirates Post (now called 7X) portfolio of companies, including the Wall Street Exchange, Instant Cash, and FINTX. He has led change, turnaround, and cost optimization strategies, resulting in significant company-wide improvements and value creation.

Amit earned a Bachelor of Commerce with Honours from The University of Calcutta. He is qualified as a Chartered Accountant with the Institute of Chartered Accountants in England and Wales (ICAEW) and the Institute of Chartered Accountants of India (ICAI). He also earned the Associate CMA and CGMA titles from CIMA, United Kingdom, and certifications in Leadership from Harvard Business School and Corporate Finance from London Business School.

Chief Growth Officer – Will Lock

Will has 20 years of experience in achieving global growth for pioneering digital businesses. He is an EdTech specialist and began his career as a strategy consultant before moving into the media industry, where he launched and led several groundbreaking initiatives across Europe.

As Chief Growth Officer at Alef Education, Will leads long-term strategy development and is responsible for revenue and global growth through organic and inorganic means. This includes managing teams in the Middle East, North America, and SE Asia that market to, sell to, and super-serve governments, schools, and partners.



Will holds a Bachelor of Arts from the University of Nottingham.

Chief Product Officer – Joe El Sebaaly

Joe El Sebaaly has over 20 years of experience working with technology and EdTech companies focusing on digital transformation.



Before joining Alef Education, he led education services initiatives at Pearson and McGraw-Hill in higher education, K-12, and vocational education. He focused primarily on leveraging global expertise and capabilities to develop innovative products.

As Chief Product Officer at Alef Education, Joe leads the product and AI strategy. He focuses on crystallizing the product vision and creating value for end users.

Joe earned a Bachelor of Computer Science and Master of Computer Science from the American University of Beirut and an MBA from London Business School.

Chief Technology Officer – Amjad Khan

Amjad is a technology leader with over 27 years of experience, highlighted by a 14-year tenure as an independent consultant.



His professional journey spans over 15 diverse companies, including HP, EE, Siemens, DXC, Cap Gemini, TNT, and the Ministry of Justice. His expertise is built on a foundation of varied roles within the government, telecommunications, and service sectors, ranging from startups and scale-ups to large-scale enterprise.

As Chief Technology Officer at Alef Education, Amjad spearheads developing and delivering the technical product vision, ensuring high availability, scalability, resilience, performance, security, and cost optimization across the product portfolio. His responsibilities span various technical domains, including software engineering, data engineering, platform engineering, machine learning, business intelligence, agility, security, and enterprise architecture.

Amjad earned a Master of Computer Science from the University of Manchester and a Bachelor of Science in Pharmacology from the University of Leeds.

Director of Service Delivery – Gregoire Provot

Gregoire has over 28 years of experience in customer service and IT service delivery. He has successfully led large teams in several countries and regions in the telecommunications and IT sectors and held senior positions at BT, C&W, NCR, DELL EMC, and NTT DATA Corporation.



As Director of Service Delivery at Alef Education, Gregoire delivers contract value to clients within the service level agreement and quality expected to maintain satisfaction and optimize retention and renewal. His role focuses on school implementation, training and quality, project management office (PMO), IT support, and service desk.

Gregoire earned a Master of Innovation Management, Information Technology and Communication from Gustave Eiffel University and a Bachelor of Business Administration from Paris XIII University.

Highly capable and experienced Board Members

Chairman and Non-Executive Director– H.E Abdulhamid Mohammed Saeed Alahmadi

Abdulhamid Mohammed Saeed Alahmadi is the chairman of the Endowments and Minors Funds Authority in Abu Dhabi. In addition, he is also the chairman of Al Nahda Investment Company. H.E. holds a Bachelor's degree in Business Administration from the University of Arizona, USA. H.E. is a member of the Board of Directors of Mubadala Investment Company, Abu Dhabi Developmental Holding Company PJSC (ADQ), Emirates Red Crescent, and Al Ain Holding. H.E. has held several C-suite positions including, the Governor of the Central Bank of the UAE, Group Chief Executive Officer of First Abu Dhabi Bank, CEO, Managing Director, and Board Member in legacy First Gulf Bank, and various key senior positions in Citibank. He also served as Chairman of Abu Dhabi Capital Group and Managing Director of Reem Investments.

Vice Chairman and Non-Executive Director– H.E Ahmed Ali Al Sayegh

Ahmed Ali Al Sayegh was appointed Minister of State to the UAE Cabinet in September 2018. As Minister of State, H.E. is responsible for the economic and trade affairs within the Ministry of Foreign Affairs. H.E. supports the UAE government actively in its initiatives and efforts that drive the nation's economic diversification plans and the sustainable future of the UAE. H.E. holds some positions including, Managing Director of Dolphin Energy, a member of the Board of Directors and Executive Committee of Abu Dhabi National Oil Company (ADNOC), a Board Member of Emirates Foundation, a Board Member of Abu Dhabi Development Fund, Deputy Chairman of Emirates Nature – WWF, and serves as the co-Chair of the UAEUK Business Council. H.E. holds a Bachelor's degree in Economics from Lewis & Clark College, USA.

Non-Executive Director - H.E Noura bint Mohammed Al Kaabi

Noura bint Mohammed Al Kaabi is a Minister of State at the Ministry of Foreign Affairs. She previously served as Minister of Culture and Youth, as well as Minister of State for Federal National Council Affairs. She also held other positions including CEO and Chairperson of the Board of Directors of Abu Dhabi Media, in addition to chairing the Media Zone Authority in Abu Dhabi (twofour54), where she played a vital role in the founding process aiming to enable the creative community in the UAE. In addition, H.E. is a Chevalier of the French Order of Merit in recognition of her efforts in developing relations between the UAE and France encouraging cultural and creative exchange.

H.E. is also a recipient of the Diplomatic Service Medal - Gwanghwa Medal from the then President of the Republic of South Korea, Moon Jae-in, in recognition of her efforts in supporting UAE-Korea relations. H.E. holds a Bachelor of Arts in Management Information Systems from the UAE University, and she has completed the Executive Leadership Program from the London Business School.

Non-Executive Director – H.E Jameela Al Muhairi

Her Excellency Jameela Al Muhairi was appointed as Minister of State for Public Education in February 2016 until 2022. H.E. has more than 20 years' experience in education and has worked in key roles ranging from administrative to leadership positions.

Before becoming a Minister of State, H.E. served as a member of the Knowledge and Human Development Authority's Board of Directors in Dubai and simultaneously worked on developing a comprehensive school inspection system for Dubai schools, following a resolution by His Highness Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum, Crown Prince of Dubai and Chairman of the Executive Council of Dubai, to establish the School Inspection Department at the Knowledge and Human Development Authority in Dubai. H.E. was appointed as the Head of the Department in 2007.

From 1995 to 2004, H.E. held key positions at the UAE Ministry of Education and later served as the Executive Director of Dubai Knowledge Village from 2004 to 2007. She has also been involved in improving private education as the Executive Director of Dubai Education Council.

She is also a board member of Dubai Cares Foundation.

H.E. graduated from the United Arab Emirates University where she studied Management.

Non-Executive Director - Omar Abdulla Al Hashmi

Omar Al Hashmi serves as the Chief Executive Officer of TAQA's Transmission and Distribution business, a position he has held since January 2024. In this role, he oversees the Company's diverse portfolio of transmission and distribution assets. Before this, Omar was Executive Director for Transmission and Distribution at TAQA, contributing nearly four years of strategic leadership to the organization. Before his tenure at TAQA, he was Executive Director of Asset Management at Abu Dhabi Power Corporation (AD Power), where he played a key role in shaping the company's transformation plan, structure, and governance. Omar previously served as the head of strategy development at Etihad Airways and Vice President of the Industry platform at Mubadala Investment Company (Mubadala).

Al Hashmi holds a Master of Business Administration from the London Business School and a Master of Science in Mechanical Engineering from George Washington University.

Non-Executive Director - Rima Al Mokarrab

Rima Al Mokarrab is the Executive Director of Strategic Affairs at the Executive Affairs Authority, a government agency mandated to provide strategic policy advice to His Highness Sheikh Mohamed bin Zayed Al Nahyan, President of the UAE. She also chairs the Board of Tamkeen LLC, a company that delivers projects enriching Abu Dhabi's social, cultural, and educational landscape.

Al Mokarrab co-founded and currently co-chairs Ideas Abu Dhabi in partnership with the Aspen Institute. She also sits on the Board of Trustees of New York University, is a Board member of the Emirates Centre for Strategic Studies and Research, and previously served on the Board of the UAE Space Agency. Al Hashmi holds a Master of Business Administration from the London Business School and a Master of Science in Mechanical Engineering from George Washington University.

Non-Executive Director - Dr. Saeed Alghfeli

Dr. Saeed Alghfeli is the Head of the Technology Portfolio for Abu Dhabi Capital Group (ADCG) and is responsible for the leadership, guidance, and oversight of all ADCG's technology operating companies and investments. Dr. Saeed brings 25 years of experience in the areas of digital transformation and technology adoption, crisis management and contingency planning, process improvement, and innovation. Before ADCG, Dr. Saeed held several senior roles in the UAE, most notably as DG at Emirates Identity Authority, and served as a board member of various government and non-government agencies like the Telecommunications Regulatory Authority, Daman, Abu Dhabi Statistics Center, Al Etihad Credit Bureau, Monitoring & Control Center, In Health Information Technology and 500 Global. Dr. Saeed holds a Bachelor's in MIS and International Business from the University of Colorado, a Master's in CIS from the University of Denver, and a Doctorate in Management from the Colorado Technical University.

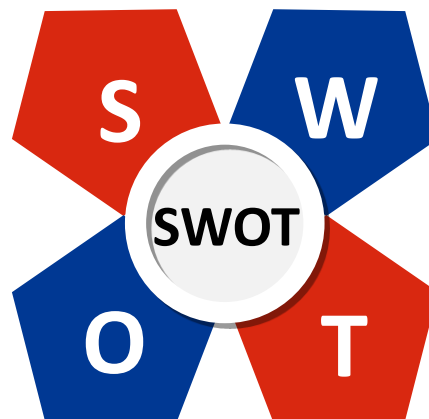
SWOT Analysis

STRENGTHS

- Alef Education possesses a highly scalable business model by offering its learning solutions in multiple languages and countries.
- The Company drives 100% of its revenue through government contracts, which provides revenue visibility.
- Alef Education's technological solutions like Generative and Cutting-Edge AI applications led to easy access to educational outcomes and further transformed traditional classrooms into adaptive and engaging learning environments.
- The Curriculum of the learning solutions is personalized according to the student's needs and ability to engage all the learners of any age groups for easy accessibility.
- Strong shareholders base and Board members support the Company in winning government contracts.

WEAKNESSES

- E-learning has certain difficulties in maintaining communication due to technical problems such as connectivity, technological equipment, and internet access for users, which can hinder e-learning processes.
- The B2B business segment in the Edtech industry is highly competitive, and thus the expansion into the business dilutes the margins.
- The Company plans to drive growth through acquisitions in B2B and B2G segments. If the integration of the acquisition does not achieve the desired outcome, profitability will be affected.



OPPORTUNITIES

- Leveraging strategic M&As and developing product portfolio growth organically to drive top-line growth
- Growing acceptance and the adoption of online learning
- Using cutting-edge AI applications by offering adaptive learning solutions tailored to individual learner needs
- Alef Education's collaboration with government, educational institutions and other stakeholders globally to expand the Company's reach
- Rising internet penetration will help in expanding potential customer base

THREATS

- Diverse global regulatory frameworks in the education sector poses a threat to the company's operations
- Rising data privacy and security concern owing to excessive use of technology
- Digital divide owing to no access to the internet, digital illiteracy etc may result in lower market reach for the Company
- Disruption in service led by cyber-attacks or data breach may cause downtime and hinder students' academic progress

Industry Overview

Global Education Industry Will Grow from USD 6 Tn in FY2022 to USD 8 Tn in FY2030 Driven by Consolidation, Scale and Efficiency

According to the Morgan Stanley Research Report, the Edtech market is set to grow at a faster pace than the overall education sector. Expenditure in this sector is expected to rise from USD 250 Bn in FY2022 to USD 620 Bn in FY2030.

The global K-12 EdTech TAM is valued at c. AED 220 Bn by FY2023

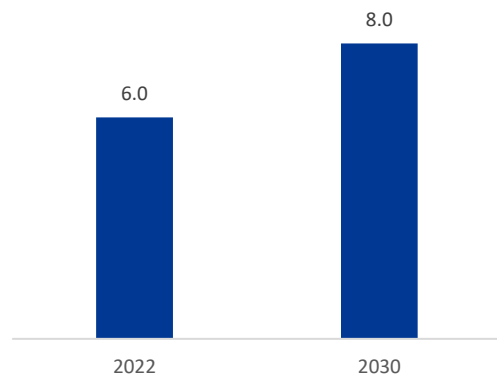
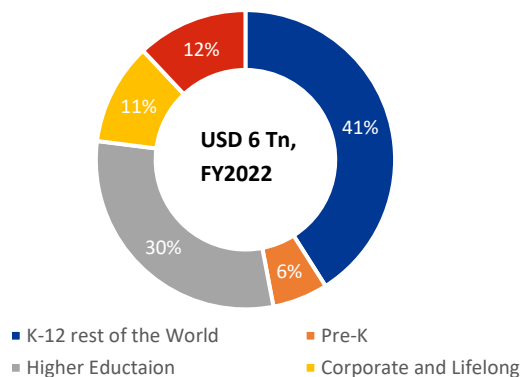
EdTech is the Fastest Growing Segment Owing to Growing Internet Penetration and Scalable Business Model

The global education industry witnessed a remarkable surge in adopting EdTech learning solutions post-pandemic. According to Morgan Stanley’s “Innovators Drive Opportunity in a Fragmented USD 8 Tn Market” Research Report published on 1 May 2023, technology is expected to play a crucial role in narrowing the gap between quality learning within the next ten years. As a result, analysts predict a transformation of the expansive and diverse global education sector from USD 6 Tn in FY2022 to USD 8 Tn market by FY2030. Governments and educational institutions invest heavily in upgrading infrastructure and implementing state-of-the-art technologies to create an adaptable learning experience. As per the Morgan Stanley Research Report, analysts anticipate the Edtech market to expand more rapidly than the broader education sector, with spending projected to increase from USD 250 Bn in FY2022 to USD 620 Bn in FY2030. The growth is mainly driven by improved internet accessibility, greater technology adoption, and the high scalability of edtech business models. The Global K-12 EdTech TAM⁽¹⁾ is valued at c. AED 220 Bn by FY2023 mainly due to the rising population growth in the emerging markets, resiliency and pricing power in the private segment; and higher spending on after-school and complementary learning, such as tutoring and English-language teaching.

The global commercial spending on K-12 education increased to AED 998 Bn in FY2023 and is further expected to reach AED 1,215 Bn by FY2027. Out of this, the commercial expenditure on EdTech is also expected to grow from AED 220 Bn in FY2023 to AED 411 Bn in FY2027. In addition, the share of EdTech spending in the global K-12 instructional materials market is anticipated to increase to c. 88% from AED 117 Bn in FY2023 to AED 220 Bn by FY2027. Alef Education, a prominent player in the EdTech sector, is strategically targeting key markets including the UAE, KSA, Egypt, and Morocco for innovative educational solutions. The demand for Edtech learning solutions is growing mainly driven by factors such as government initiatives, shifting traditional education solutions, and increasing adoption of AI technology in classrooms. By targeting these key markets, Alef Education aims to capitalize on the growing demand for EdTech solutions.

Note: ⁽¹⁾ The TAM represents the total expenditure across various channels (B2B/G/C) and encompasses all segments of the digital K-12 education sector worldwide, including instructional materials, data management systems, admin systems, PD, HR, virtual courses/schools, and educational devices.

Figure 38: Spendings on Education Worldwide (As of FY2022) **Figure 39: Global Education Market (USD,Tn)**



Source: Morgan Stanley Research Report (Titled - Innovators Drive Opportunity in a Fragmented USD 8 Tn Market Published 01 May 2023)

Private Schools Revises Learning Material Annually While Public School Follows 3-5 Years Cycle of Revision

In the UAE, total enrolment for K-12 students stands at 1.1 Mn, with 356K students in public schools and 782K in private schools

The UAE is a very competitive education market within the GCC region. The Ministry of Education (MoE) oversees all UAE-based education councils and authorities. Education represents 16.0% of the country’s AED 10.2 Bn federal budget for FY2024 compared to AED 9.8 Bn in FY2023. UAE’s recent government campaigns like Dubai Cares aimed to increase awareness of the need for high-quality education in Emirati society. In the UAE, total enrolment for K-12 students stands at 1.1 Mn, with 356K students in public schools and 782K in private schools. In addition, the total K-12 instructional materials market TAM is valued at AED 4.3 Bn. The TAM is further divided into AED 1.2 Bn for public schools and AED 3.1 Bn for private schools, with an estimated enrolment CAGR growth of 4% from FY2019 to FY2023. The Ministry of Education (MoE) generally follows a review cycle of three to five years for learning materials indicating irregular adoption of new products thereby acting as a barrier for Alef Education to market penetration.

The K-12 learning materials market in the UAE is highly competitive, primarily led by major international publishers like McGraw Hill and Cambridge University Press. The B2B segment demonstrates higher diversity compared to the B2G segment primarily attributed to higher purchasing autonomy. Furthermore, regional competitors such as Nahla Wa Nahil, a digital Arabic language reading platform that operates as a subsidiary of Al Manhal, one of the largest Arabic publishers of e-books, also contribute to the competitive landscape. The competition across the major international publishers Alef Education must leverage its technological expertise and tailored educational solutions, to capture market share and effectively compete with both international and regional players.

Figure 40: Alef Education’s Competitive Landscape

	Alef EDUCATION	HMH	RENAISSANCE	Infinitas Learning	OXFORD UNIVERSITY PRESS	KLETTGRUPPE	CAMBRIDGE UNIVERSITY PRESS	McGraw Hill	Cengage
Country									
Capabilities	Core and supplemental curriculum, assessments, digital adaptive programs and learning platform	Core and supplemental curriculum, assessments, digital adaptive programs	Assessment and digital instructional tools	Digital core and supplemental curriculum, digital learning platform	Core and supplemental curriculum, assessments	Digital core and supplemental curriculum, digital learning platform	Core and supplemental curriculum, assessments	Core and supplemental curriculum, assessments	Core and supplemental digital curriculum, learning management systems
Estimated Learners Impacted	+1.1 MN	+50 MN	+20 MN	+1 MN	+50 MN	+1 MN	+100 MN	+10 MN	+12 MN
Global Revenues	AED 750 MN (USD 204 MN)	AED 4 BN (USD 1 BN)	AED 1 BN (USD 300 MN)	AED 261 MN (USD 71 MN)	AED 3.3 BN (USD 900 MN)	AED 1.8 BN (USD 500 MN)	AED 5 BN (USD 1.3 BN)	AED 5 BN (USD 1.4 BN)	AED 5 BN (USD 1.3 BN)

Source: Company Information, Tyton Partners IP and analysis

Government Reviews the Learning Material Agreement Every Three Years While Private Schools Follow Annual Cycle

The KSA’s estimated K-12 enrollment stands at 6.8 Mn, with 5.8 Mn in public

Saudi Arabia is the largest education market in the GCC and is expected to further expand its Edtech segment. The Saudi government allocates resources to Edtech mainly due to increasing preferences for personalized education that caters to the needs and preferences of students thus strengthening the market growth. With the growing demand in higher education towards

schools and 915K in private schools

fields like AI, Robotic Sciences, Nuclear Energy, Sustainable Energy, and Renewable Energy, K-12 education adapts to STEAM and STEM-based learning.

The K-12 instructional material market is highly competitive and led by major international publishers such as Cambridge, Pearson, Macmillan, McGraw Hill, HMH, Edmentum, and Renaissance

Saudi Arabia ranked 17th in terms of GDP in FY2022 and boasts one of the world’s largest economies. The implementation of a free-market economic model enabled the private sector to play a pivotal role in both economic advancement and diversification. The KSA’s estimated K-12 enrollment stands at 6.8 Mn, with 5.8 Mn in public schools and 915K in private schools. The K-12 learning materials market is valued at AED 5.9 Bn with AED 4.5 Bn for public schools and AED 1.4 Bn for private schools. The government produces accessible content internally for some subjects (e.g. social studies) while outsourcing others (e.g. business-related subjects) to National Geographic Learning. The Ministry of Education (MoE) reviews the contracts with the government c. every three years, offering an opportunity for new entrants to collaborate with the government during the next review in FY2025. Private schools conduct annual reviews of their materials, presenting regular opportunities for new vendors.

The K-12 instructional material market is highly competitive and led by major international publishers such as Cambridge, Pearson, Macmillan, McGraw Hill, HMH, Edmentum, and Renaissance. The providers often engage in exclusive distribution agreements with local or regional publishers like Obeikan Education. Additionally, the supplemental digital materials market is further divided across various e-literacy providers for the Arabic language.

Figure 41: KSA Edtech Market Overview



Source: Company Information, Tyton Partners IP and analysis

Egypt’s population is growing rapidly and stood at 105 Mn in FY2023 and is estimated to reach 128 Mn by FY2030

Huge Student Population However Existing MoE Partners Extend Penetration

Egypt is the most populated Arab country; experienced rapid population growth reaching 105 Mn in FY2023 and is estimated to reach 128 Mn by FY2030. With c.33% of the population below 15 years of age in FY2022 equivalent to c. 37 Mn students, Egypt boasts the highest student population among the Arab countries.

In terms of K-12 education, the estimated enrolment stands at 22.7 Mn, with 20.7 Mn in public schools and 2 Mn in private institutions. The Instructional materials market is valued at AED 3.7 Bn, with AED 2.5 Bn in public schools and AED 1.2 Bn in private schools. The public-school curriculum primarily relies on governmental partners like Discovery Education for design and distribution, while private national schools procure materials through third-party channels. International schools typically purchase directly from third-party publishers.

The market is competitive and is led by the Egyptian Ministry of Education partners like Discovery Education and National Geographic Learning which are responsible for curriculum development and distribution. Additionally, Nahdet Misr, an established publisher offers an extensive range of both print and digital learning resources.

Figure 42: Egypt Edtech Market Overview



Source: Company Information, Tyton Partners IP and analysis

Learning Material Provider is Replaced Every Five Years in Morocco

K-12 education estimated enrolment stands at 7.6 Mn, with 6.5 Mn in public schools and 1.1 Mn in private institutions

Morocco's experienced stable population growth for the past decade, with a growth rate of c.1%. Among Moroccan youth, the Arabic language holds dominance. At the same time, French is introduced as early as in grade 1. However, there is a shift expected towards English becoming the primary foreign language within the next five years, as per the British Council's projections.

In terms of K-12 education, the estimated enrolment stands at 7.6 Mn, with 6.5 Mn in public schools and 1.1 Mn in private institutions. The learning materials market is valued at AED 501 Mn, with AED 266 Mn in public schools and AED 236 Mn in private schools. Public school students procure ministry-approved learning materials selected by local governments, while private schools enjoy greater autonomy in learning material selection. K-12 students typically purchase materials through third-party distributors, aided by government subsidies to ensure affordability for families. Both public and private schools tend to maintain the same provider for up to five years to maximize value from purchases, with irregular adoption cycles observed in public schools despite the Ministry of Education's supposed annual review of curricular materials.

The instructional material market exhibits moderate competitive intensity with various French and Moroccan publishers present, yet significant gaps persist in current product offerings. Alef stands out as one of the few providers offering high-quality Arabic solutions, whereas competition for French and English content is more intense. Large international publishers like Oxford University Press have secured significant market share in private schools.

Figure 43: Morocco Edtech Market Overview



Source: Company Information, Tyton Partners IP and analysis

Innovative Edtech Solutions Through Digital Learning Outcomes Support the Education Industry Growth

Digital learning solutions provide immediate feedback to students, enabling adjustments to the course, eliminating educational barriers, easily accessible from any location, and adaptable to the personalized needs of each student

Education is undergoing a significant transformation amid rapid technological advancements. Personalized digital learning involves the customization of teaching and learning solutions to meet the specific needs and preferences of individual students. Educational technology platforms use AI algorithms to analyze student data and provide personalized recommendations on content, and learning strategies. Alef Education's online educational platforms facilitate connections between students and educators globally, in different languages and cultures. The Company's Edtech solutions not only enrich the learning experience but also open up opportunities for cross-cultural projects by enhancing students' global perspectives.

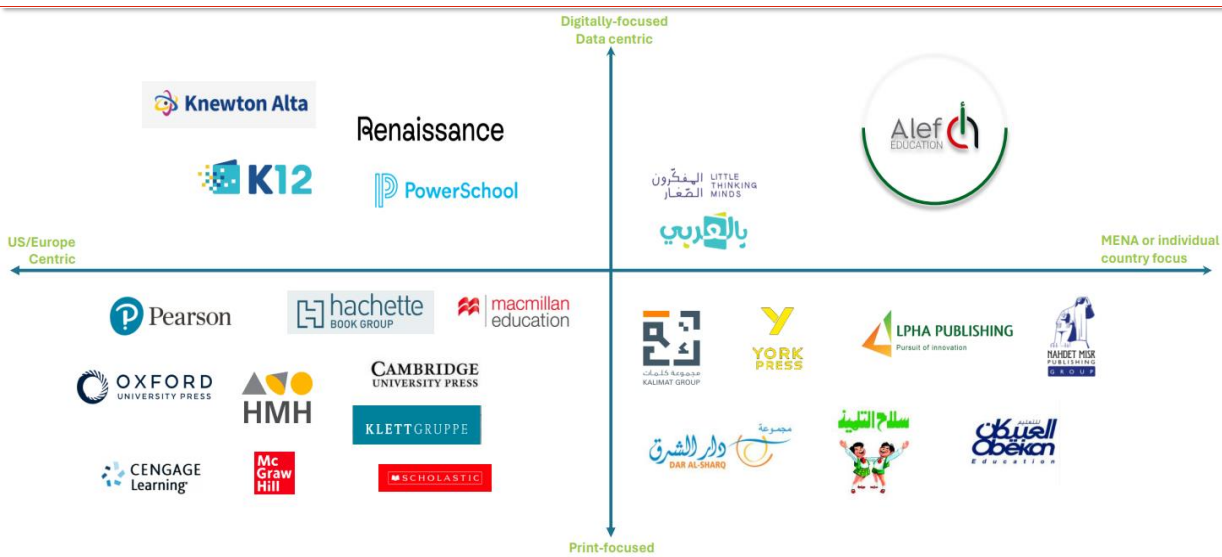
Additionally, digital learning solutions help Alef Education overcome traditional learning challenges such as the widening student grade gap, high costs, limited accessibility, and classroom overcrowding, hindering teacher-student interaction. The digital solutions provide immediate feedback and enable timely adjustments, these solutions ensure a more effective and efficient learning environment. Furthermore, the accessibility of digital learning from any location breaks down geographical barriers, allowing Alef Education to reach students in the targeted markets and adapt to their individual needs. As the global education sector increasingly invests in digital learning solutions, the Company stands to benefit from the projected rise in spending on K-12 instructional materials. The global K-12 instructional material expenditure is projected to rise from AED 117 Bn in FY2023 to AED 220 Bn by FY2027. EdTech's share of this spending is expected to surge from 36% to 65% during the same period.

Alef Platforms Transforms Learning Experience with Personalized AI-driven Approach

Alef Platform digital learning experience aims to personalize its learning outcomes as per the student's strengths, skills and interest

Since the pandemic, the shift towards e-learning across schools has adopted a customized approach to education by integrating AI technology. Alef Platform's digital learning experience aims to personalize its learning outcomes per the student's strengths, skills, and interests. The Company uses various EdTech tools to facilitate personalized learning as students adapt to the online learning materials, enabling them to process information, understand topics and learn at their own pace. The flexibility and individualized approach of the Company provide higher engagement rate and improved learning outcomes for the students. This personalized approach ultimately enhances the overall learning experience and contributes to students' academic success using Alef Platforms. Personalized learning outcomes coupled with digital solutions improve student engagement leading to enhanced academic performance and increased efficiency by reducing the time and resources required to analyze students' performance. The transformative shift in K-12 education moves away from traditional teacher-centred instruction towards student-centric learning models. Alef Platforms support teachers in delivering content in the most suitable format for each student thereby enhancing the personalized learning experience.

Figure 44: Alef Education's Market Dominance across its Digital Learning Industry



Source: Company Information, Tyton Partners IP and analysis

Macroeconomic Environment

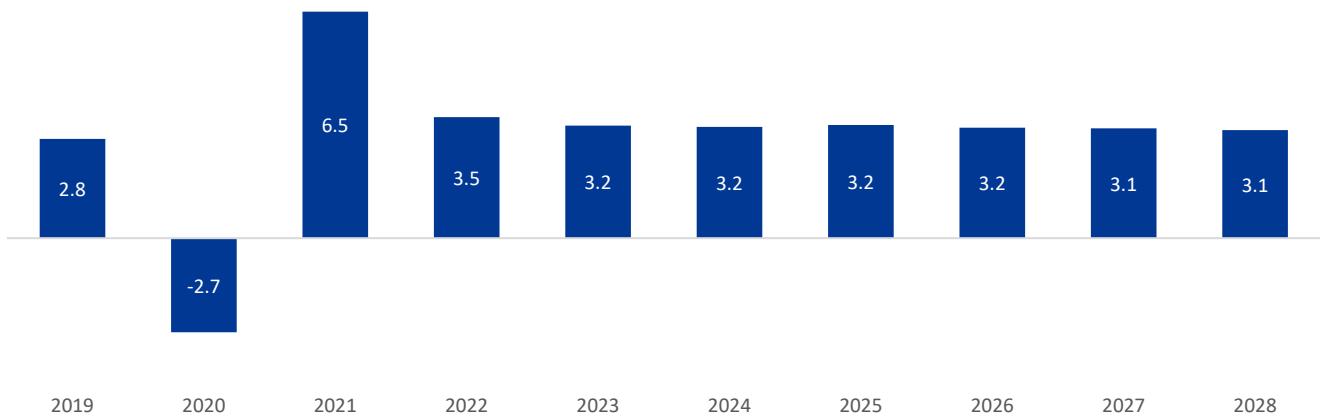
The Global Economy Remained Resilient Despite Challenges, To Support Alef Education

As per the IMF estimates, the global economy grew 3.2% in FY2023 and the growth is expected to remain at the same levels in FY2024 and FY2025

The global economy demonstrated resilience in 2023, maintaining steady growth amidst significant challenges. The challenges included significant events, beginning with supply chain disruptions post-pandemic, a Russian-initiated war on Ukraine that resulted in global energy and food shortages, and a substantial inflation spike, followed by synchronized tightening of monetary policies worldwide. However, despite these headwinds, the real GDP growth remained steady in FY2023. According to the IMF (World Economic Outlook, April 2024), the global economy grew 3.2% in FY2023 and is anticipated to expand at the same growth rate in FY2024 and FY2025, respectively. However, the pace of expansion is expected to remain below the historical average growth rate of 3.8% owing to ongoing factors like high borrowing costs, reduced fiscal support, lasting impacts from COVID-19 and the Ukraine conflict, weak productivity, and growing geoeconomic fragmentation. According to the IMF, global headline inflation is expected to decline from 6.8% in FY2023 to 5.9% in FY2024 and 4.5% in FY2025. Advanced economies are anticipated to reach their inflation targets ahead of emerging and developing economies.

The IMF maintains a positive outlook with a bias towards downward risk marked with uncertainties such as potential price increases resulting from geopolitical tensions. The ongoing conflict in Gaza and Israel, along with tension in the Red Sea, which is the world’s key trading route, could lead to further supply disruptions and impede global economic recovery. This would also lead to an increase in prices of food, energy, and transportation sectors. A slower-than-expected deceleration in core inflation in major economies, possibly due to persistent labor market tightness or renewed supply chain disruptions, could heighten expectations for interest rate hikes, leading to a decline in asset values. Variations in disinflation rates among major economies also cause currency fluctuations, which could pressure financial sectors. In China, real estate sector is expected to witness a significant and prolonged drop in investment. This further dampens housing demand and household confidence, impacting economic growth. The IMF also highlights the potential for increased geoeconomic fragmentation amidst Russia's war in Ukraine and other geopolitical tensions. It creates barriers between countries, impacting the flow of goods, capital, and people and potentially causing a slowdown in the supply side of the economy.

Figure 45: Annual change in World Real GDP Growth Rate – FY 2019 –2028 (%)



Source: IMF, World Economic Outlook, April 2024

Advanced economy economic growth revised upward owing to strong growth in the US

Growth in advanced economies is forecasted to accelerate from 1.6% in FY2023 to 1.7% in FY2024

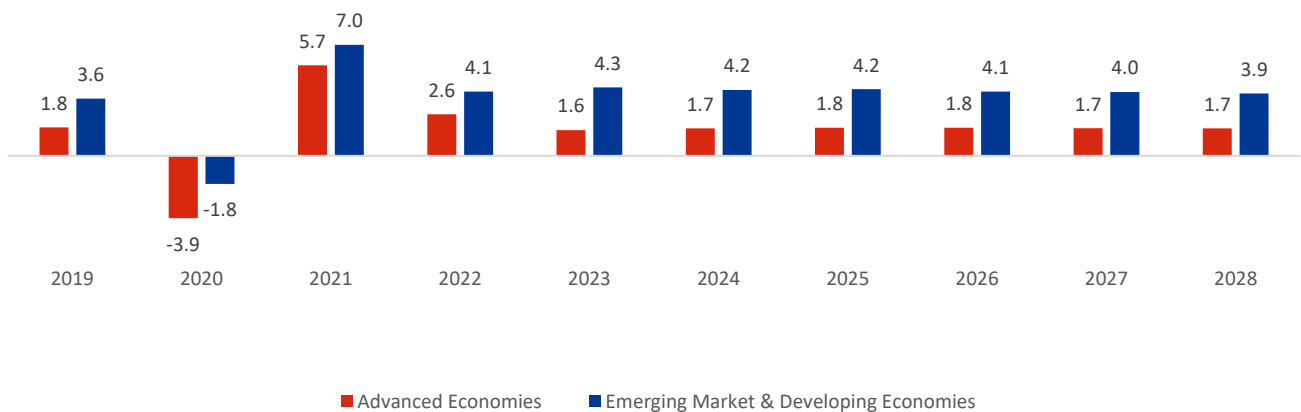
According to the IMF (World Economic Outlook, April 2024), the economic growth in advanced economies is expected to grow from 1.6% in FY2023 to 1.7% in FY2024 and further to 1.8% in FY2025. This upward revision in growth forecast of advanced economies is attributed to an upward adjustment in US growth, partially offset by a downward adjustment in the euro area for FY2025. The United States is anticipated to experience economic growth of 2.5% in FY2023 to 2.7% in FY2024, before decelerating to 1.9% in FY2025 primarily due to the gradual fiscal tightening and a weakening labor market slower aggregate demand. In the euro area, growth is projected to recover from 0.4% in FY2023 to 0.8% in FY2024 and 1.5% in FY2025. The recovery is expected to be driven by the drop in inflation and increased household spending as the impact of higher energy prices declines. Economic growth in Japan is projected to decline from 1.9% in FY2023 to 0.9% in FY2024 and 1.0% in FY2025. The decline can be attributable to temporary factors that boosted growth in FY2023, such as inbound tourism, which no longer supports the economy.

Middle East & Central Asia and Sub-Saharan Africa will lead the growth in Emerging Markets and Developing Economies

As per the IMF, GDP growth in emerging markets and developing economies is expected to remain stable at 4.2% in FY2024 and FY2025

According to the IMF, the global economy is projected to see modest growth over the next few years, with emerging markets and developing economies expected to lead the way. In particular, growth in emerging and developing economies is expected to remain stable at 4.2% in FY2024 and FY2025, largely due to the slowdown in emerging and developing Asia region partially offset by growth in the Middle East and Central Asia and sub-Saharan Africa region. China’s real GDP is projected to decline from 5.2% in FY2023 to 4.6% in FY2024 and 4.1% in FY2025. The decline is attributable to temporary factors that boosted growth in 2023, including fiscal stimulus and post-pandemic boosts to consumption. India’s growth is anticipated to remain strong at 6.8% in FY2024 and 6.5% in FY2025, primarily due to strong domestic demand and a growing working-age population. Meanwhile, economic growth in the Middle East and Central Asia is expected to grow from 2.0% in FY2023 to 2.8% in FY2024 and 4.2% in FY2025.

Figure 46: Change in Real GDP Growth by Region – FY 2019 –2028 (%)



Source: IMF, World Economic Outlook, April 2024

Growth in World population and rising literacy rate, To support Alef Education

Total World Population expected to grow at a CAGR of 0.9% from 7.9 Bn in FY2023 to 8.2 Bn in FY2028

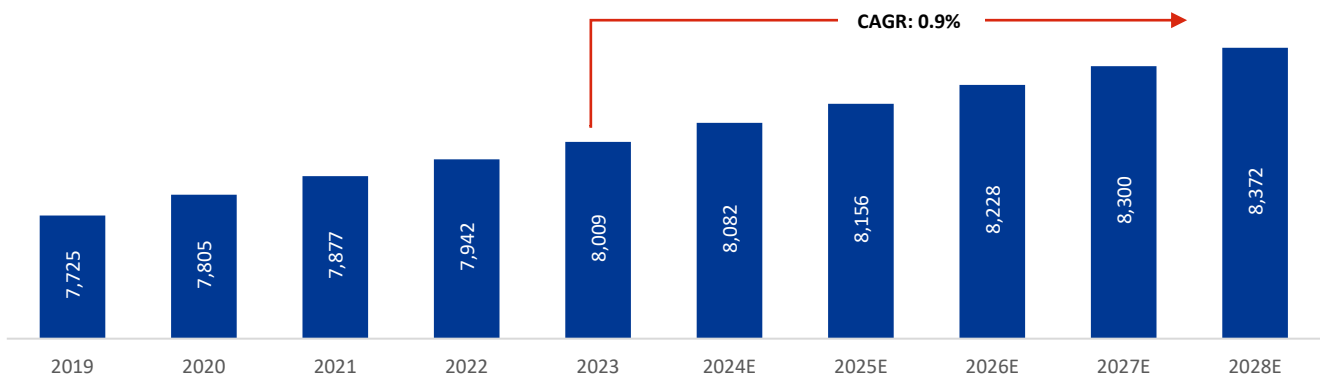
The global population landscape is experiencing significant changes in growth and literacy rates. The world population experienced a steady expansion in recent years, with projections indicating a continued upward trajectory. The world population grew 0.9% to 7,844 Mn in FY2023. It is further expected to grow at a CAGR of 0.9% from 7,844 Mn in FY2023 to 8,220 in FY2028. The total population within the age group of 0-17 years, which caters to K-12 education, accounted for 30%

of the total population in FY2023, while the age group of 18-60 years made up 57% in FY2023. The population within the age group of 0-17 years is expected to remain flat at 2,397 Mn in FY2023 to 2,390 Mn in FY2028. The population of the advanced economy grew 0.5% to 1,091 Mn in FY2023. It is expected to grow at a CAGR of 0.3% from 1,091 Mn in FY2023 to 1,110 Mn in FY2028. The total advanced economy population within the age group of 0-17 years, which caters to K-12 education, accounted for 14% of the total population in FY2023, while the age group of 18-60 years made up 39% in FY2023. The Emerging market's population grew by 0.5% to 6,753 Mn in FY2023. It is expected to grow at a CAGR of 1.0% from 6,753 Mn in FY2023 to 7,110 Mn in FY2028. The population within the age group of 0-17 years in the Emerging Markets accounted for 31% of the total population in FY2023, while those aged 18-60 years accounted for 55% in FY2023.

The population expansion prompts governments to allocate greater educational resources to accommodate the rising demands for schooling, infrastructure, and educational resources. According to World Bank data, the literacy rate improved from 84.9% in FY2013 to 87.0% in FY2022, primarily due to significant advancements in educational accessibility and quality over the past decade. This positive trend can be largely attributed to significant government initiatives that supported educational infrastructure, teacher training programs, and widespread literacy campaigns. According to UNESCO data, the pupil-teacher ratio declined across all education levels since FY2000, including pre-primary, primary, and lower secondary, with the exception of upper secondary. The most significant decline was observed at the pre-primary level, where the ratio declined from 20 to 14 students per teacher between FY2000 and FY2022.

With an increased literacy rate, there will be a greater demand for individualized attention and tailored learning experiences. Consequently, a lower pupil-teacher ratio may lead to higher expectations for personalized instruction, potentially straining resources and limiting access to quality education for all students. These challenges highlight the need for innovative solutions to ensure that educational advancements translate into equitable opportunities for every learner. Education technology companies will play a pivotal role in overcoming this barrier by offering innovative solutions that enhance learning outcomes and bridge educational gaps. Through adaptive learning platforms, virtual tutoring services, and interactive digital resources, these companies provide personalized learning experiences tailored to individual student needs, regardless of the pupil-teacher ratio.

Figure 47: Total Population – FY 2019 –2028 (Mn)



Source: IMF, World Economic Outlook, April 2024

Figure 48: World Literacy rate

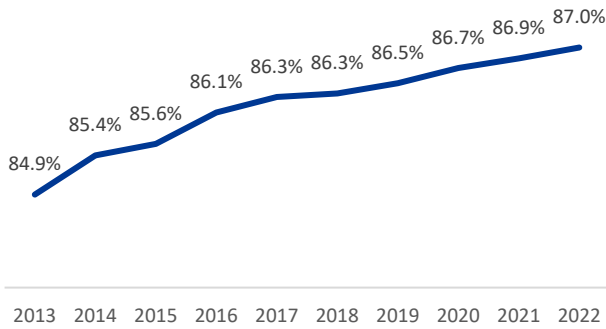
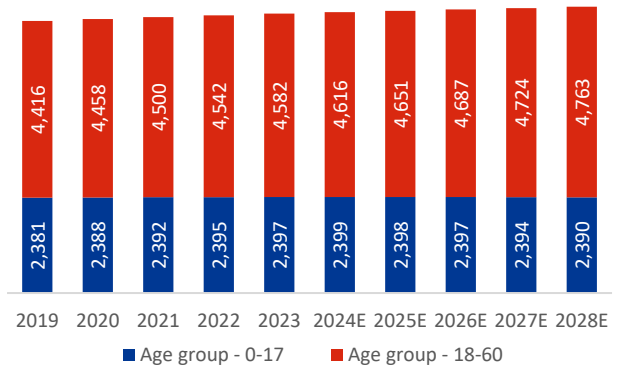


Figure 49: World Population (Mn) (Age-wise)



Source: World Bank

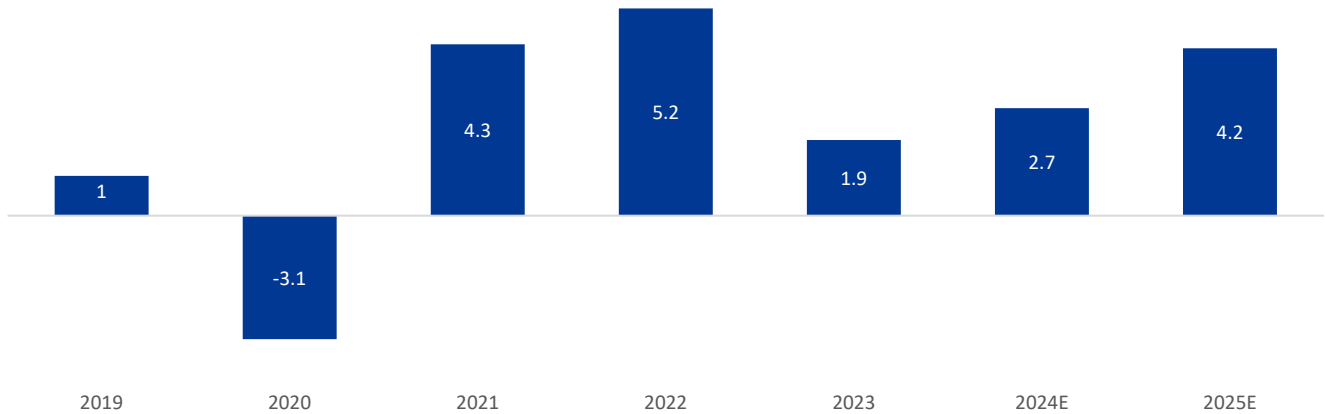
MENA Economy Projected Slow Growth Owing to Ongoing Challenges

MENA's real GDP is expected to grow 2.7% in FY2024 and 4.2% in FY2025

The MENA countries recorded lackluster growth in FY2023 owing to rising debt and heightened uncertainty owing to ongoing conflict in the region. The conflict between Gaza and Israel has led to instability in the region. In addition, disruption in the Red Sea a major trading route and oil cut production by OPEC countries added to the existing vulnerability of high debt and elevated interest costs. The growth in MENA is anticipated to moderately improve from 1.9% in FY2023 to 2.7% in 2024 and further to 4.2% in FY2025 assuming existing challenges are likely to fade slowly. However, the headline inflation in most MENA economies is expected to ease from 16.7% in FY2023 to 15.5% in FY2024 and 11.8% in FY2025 owing to the tighter monetary policy and started to recede to historical averages in many MENA economies or even below average in one-third of economies.

The GDP growth rate in the Gulf Cooperation Council Countries is expected to be driven by non-oil growth as the countries undertake measures to diversify away growth from hydrocarbon, along with increased domestic demand and capital inflows. While the MENA emerging and middle-income countries continue to face fiscal pressure owing to elevated interest rates eroding their effort to strengthen fiscal position. The ongoing conflict between Israel and Gaza is adding to this uncertainty with duration and impact on them remains highly uncertain. It is adversely impacting the growth in low and fragile economies, although the growth is expected to turn positive in a few of them as the factors impacting growth are expected to recede in 2025. Despite the softness in oil prices, reduced global trade, and increased imports due to a resurgence in domestic demand, current account surpluses of the MENA economies stayed positive in 2023 after reaching a high in 2022. The current account balance declined after reaching the peak of 8.4% in 2022 to 4.0% in 2023. Further, it is expected to reach 1.8% in 2024 and 1.4% in FY2025. Overall fiscal balance is expected to turn negative in 2023 from a balance of 2.4% in 2022. The fiscal balance will amount to negative 2.0% in 2024 and negative 1.7% in 2025.

Figure 50: Annual change in MENA Real GDP Growth Rate – FY 2019 –2025 (%)



Source: IMF, Regional Economic Outlook – Middle East and Central Asia, April 2024

Growth in MENA Population and Rising Literacy Rate, to Support Alef Education

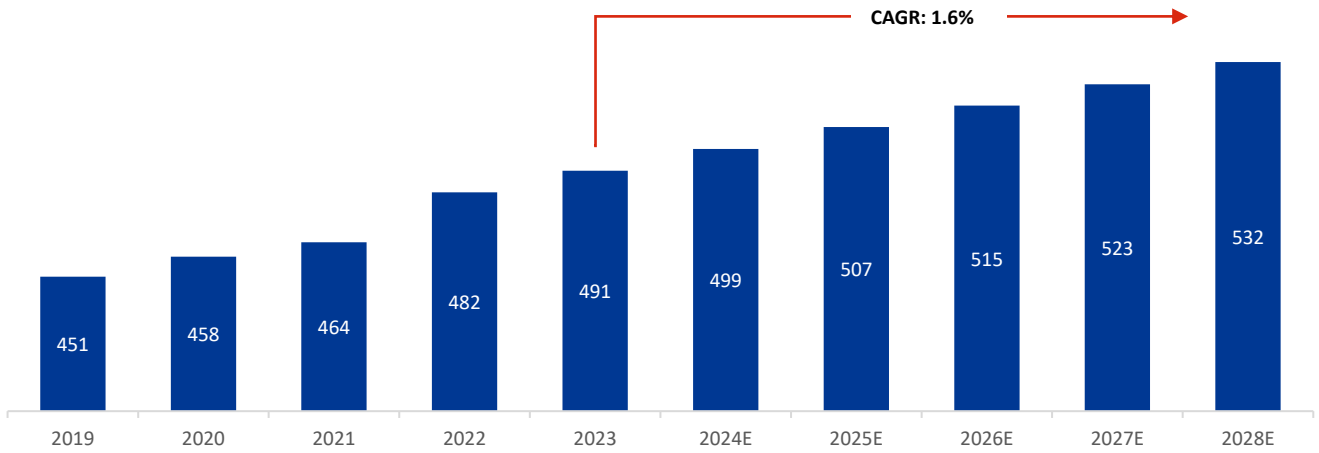
MENA Population is expected to grow at a CAGR of 1.6% from 496 Mn in FY2023 to 538 Mn in FY2028

MENA houses the world’s 6.2% population in 2023. The population in the MENA region experienced steady expansion in recent years, and projections indicate a continued upward trajectory. The population grew 1.7% to 496 Mn in FY2023. It is further expected to grow at a CAGR of 1.6% from 496 Mn in FY2023 to 538 Mn in FY2028. The population within the age group of 0-17 years, which caters to K-12 education, accounted for 35% of the total MENA population in FY2023, while the age group of 18-60 years made up 58% in FY2023. The population within the age group of 0-17 years is expected to grow from 173 Mn in FY2023 to 175 Mn in FY2028. The rising population prompts governments to increase educational resources to address the growing need for schooling and infrastructure.

According to World Bank data, the literacy rate in the MENA region improved from 77.9% in FY2013 to 80.4% in FY2022. The literacy rate increased over the years due to various factors such as improved access to education, governmental initiatives to promote literacy, and investments in educational infrastructure. Various initiatives were taken in the MENA region to increase literacy and the importance of education. According to the World Bank, Jordan, Saudi Arabia, and the UAE developed specific strategies to enhance Arabic literacy in early grades with ambitious learning goals and action plans. Egypt conducted its inaugural national Grade 4 assessment in Arabic literacy and Mathematics in FY2022. In addition, MENA countries are increasingly engaging in global student assessments like PISA (Program for International Student Assessment) and TIMSS (Trends in International Mathematics and Science Study).

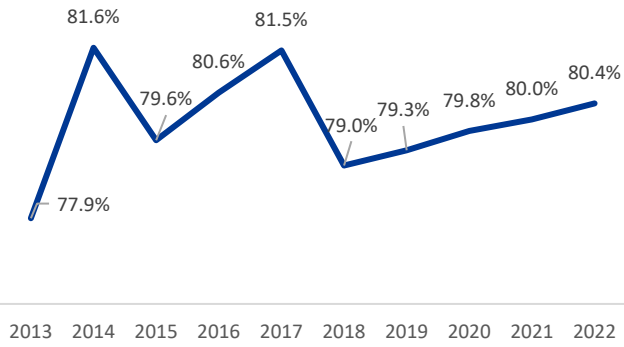
Government initiatives are crucial in supporting rising literacy rates by implementing policies and programs to improve access to education, enhance teaching and learning quality, and address literacy barriers. With an increased literacy rate, there will be a greater demand for individualized attention and tailored learning experiences. These challenges highlight the need for innovative solutions to ensure educational advancements translate into equitable opportunities for every learner. Education technology companies play a crucial role in overcoming the challenges associated with tailored learning experiences by using cutting-edge tools and platforms. The ed-tech ensures students receive targeted support and resources through adaptive learning solutions, maximizing their learning outcomes. Additionally, education technology companies integrate interactive features like virtual classrooms, gamified activities, and multimedia resources to engage students effectively and cater to diverse learning styles.

Figure 51: Middle East and North Africa Total Population (Mn)



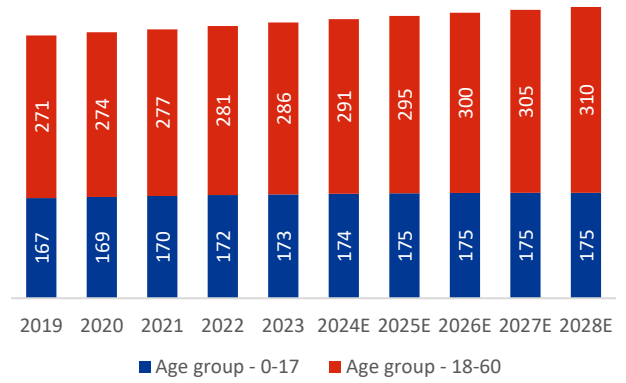
Source: World Bank

Figure 52: MENA Literacy rate



Source: World Bank

Figure 53: MENA Population (Mn) (Age-wise)



Valuation Methodology

Target Fair Value Analysis

We arrive at Alef Education's fair value of AED 1.70 based on a mix of valuation methods

DCF AND RELATIVE VALUATION

We have used a mix of Discounted Cash Flow (DCF), Comparable Company Method (CCM), and Dividend Discount Model (DDM) valuation methods to arrive at the fair value of Alef Education. Alef Education Holding Plc is a leading global education company that utilizes artificial intelligence and machine learning technologies to create personalised learning experiences for public and private schools in the UAE. Alef Education caters to more than 361 public and 302 private schools across the UAE. The Company generates revenue through its two key segments: Education Solutions and Support & Services. Additionally, the Company's planned organic and inorganic expansion across the B2G and B2B segments is expected to create new revenue streams. Alef Education operates a capex-light business model with minimum working capital requirements. We have assigned a higher weight to DCF valuation based on its reliability in capturing future cash flow projections over multiple periods as opposed to other valuation methods. In CCM valuation, an average of EV/EBITDA and P/E multiple is used to value the Company as the P/E multiple allows for easy comparison with similar companies within the industry, and EV/EBITDA multiple allows us to compare companies of various sizes with different capital structures. Alef Education intends to distribute 90% of its net profit as dividends in FY2024 and FY2025. We assumed in the subsequent years also the Company will also maintain its payout. It also intends to pay Target Minimum Dividend payment to Free Float Investors equivalent to AED 135 Mn each in FY2024 and FY2025 relating to the performance of the respective financial years; thus, we have valued the Company using the DDM valuation method. In DDM valuation, the dividend paid to shareholders is used to value the Company.

CONSOLIDATED VALUATION ALEF EDUCATION

Name of Entity	Valuation (AED, Mn)	Weight (%)	Total Valuation (AED, Mn)
Valuation of the Alef Education based on -			
Discounted Cash Flow	12,312	70.0%	8,619
Dividend Discount Model	11,754	20.0%	2,351
Relative Valuation (Average P/E and EV/EBITDA)	9,170	10.0%	917
Total Valuation (AED, Mn)			11,886
Total Valuation (USD, Mn)			3,237
Value per share (AED)			1.70

The performance of Alef Education is analysed in detail to arrive at fair value estimates. We took a fair estimate across the income statements and financial positions to arrive at their valuation. The valuation brought a target value of AED 1.70 per share.

The weightage assigned to the DCF, DDM, and Relative valuation methods stood at 70%, 20%, and 10%, respectively.

We arrived at a value of AED 1.76 per share using DCF valuation.

1) Discounted Cash Flow Valuation

We relied upon the guidance provided by the Company management for the next six financial years starting from FY2024 and ending FY2029 to arrive at the valuation through DCF methodology. We derived the Company's terminal value using the Gordon Model and extrapolated last year's adjusted free cash flows at a terminal growth rate of 3.0% to perpetuity. To arrive at Ke (Cost of Equity), we have used the 10-year government bond yield of 4.9%, Country risk premium of 4.3%, and average Beta of 0.85 for the education sector. After applying all these, we arrived at the cost of equity of 8.5%. We have used a 10-year US Government Yield and further added a 10-year Abu Dhabi Government CDS spread to arrive at an appropriate risk-free rate. Alef Education doesn't have any external debt historically, and further, the Company does not plan to undertake debt until FY2027. Therefore, we have used free cash flow to equity to arrive at the valuation using the DCF methodology.

I. DCF Valuation of Alef Education

	FY2024E	FY2025E	FY2026E	FY2027E	FY2028E	FY2029E
All figures in AED Mn, unless stated						
Net Income	416	585	692	708	773	833
(+/-) Depreciation & amortization	42	55	65	82	90	99
(+/-) CAPEX	-232	-68	-81	-96	-113	-134
(+/-) Working Capital	135	-29	-24	-10	-24	-11
Free Cash flow to Equity	360	544	651	684	725	788
Discount factor	0.96	0.88	0.82	0.75	0.69	0.64
Present Value of FCFE	346	481	531	514	503	503
Total Present value of FCFE						2,878
Terminal Value						9,434
Terminal growth rate						3.0%
Weighted average cost of capital						8.5%
Equity Value						12,312

Source: FAB Securities Research

a) Sensitivity of DCF to Key Assumptions

Sensitivity analysis generates the highest valuation of AED 2.68 per share and the lowest valuation of AED 1.33 per share

Our DCF valuation is based on a cost of equity (COE) of 8.5%. A sensitivity analysis shows that a change of +/- 0.5% in the weighted average cost of capital and terminal growth rate will provide a valuation range of AED 1.33 per share to AED 2.68 per share. The table below shows the sensitivity between the change in terminal growth rate and the weighted average cost of capital.

1. DCF Sensitivity to Terminal Growth Rate and WACC

		WACC					
		1.76	7.5%	8.0%	8.5%	9.0%	9.5%
Terminal Growth	2.0%	1.83	1.67	1.54	1.43	1.33	
	2.5%	1.98	1.79	1.64	1.51	1.40	
	3.0%	2.16	1.94	1.76	1.61	1.48	
	3.5%	2.38	2.12	1.90	1.73	1.58	
	4.0%	2.68	2.34	2.07	1.86	1.69	

We are using EV/EBITDA and P/E multiple in CCM valuation to value the firm

2) Relative Valuation

In the CCM valuation, we have used an average of EV/EBITDA and P/E multiple to value Alef Education. We have used the valuation of international companies operating in the K-12 education sector to compare their business models for relative valuation. The P/E multiple allows for easy comparison with similar companies within the industry or sector, and the EV/EBITDA multiple allows us to compare companies of various sizes with different capital structures. **Since education technology companies** often have significant upfront investments and varying depreciation schedules, EV/EBITDA normalizes these factors, allowing for better comparison.

II. Relative Valuation of Alef Education

(All Figures in Million AED, unless stated)

Based on EV/EBITDA Multiple

EBITDA (FY2024)	499
Applicable Multiple	15.6x
Premium/(Discount to Median Multiple)	0.0%
Peer Median Valuation	15.6x
Enterprise Value	7,801
Net (Debt)/Cash	169

Equity Value

7,970

Source: Company Information, FAB Securities Research

(All Figures in Million AED, unless stated)

Based on P/E Multiple

Net Income (FY2024)	416
Applicable Multiple	24.9x
Premium/ (Discount to Median Multiple)	0.0%
Peer Median Valuation	24.9x

Equity Value

10,371

Source: Company Information, FAB Securities Research

III. Peers Valuation

Company. Name	Market Cap (USD, mn)	EV/EBITDA (x)		PE (x)	
		2024	2025	2024	2025
International Companies					
BLACKBAUD INC	4,009	13.0	11.9	18.2	16.1
STRIDE INC	3,092	8.5	7.5	15.8	14.3
3P LEARNING LTD	225	24.5	16.0	33.5	25.0
INSTRUCTURE HOLDINGS INC	2,875	11.1	10.0	23.7	20.0
POWERSCHOOL HOLDINGS INC-A	3,685	18.2	15.5	19.5	16.1
D2L INC	337	10.9	7.4	26.2	15.3
ELM	18,293	35.7	29.7	41.3	34.8
COURSERA INC	1,360	24.1	13.0	45.0	31.2
Average		18.3x	13.9x	27.9x	21.6x
Median		15.6x	12.4x	24.9x	18.1x
Max¹ (Quartile 3)		24.2x	15.7x	35.5x	26.5x
Min² (Quartile 1)		11.1x	9.4x	19.2x	15.9x

Source: Bloomberg, ¹ Values correspond to Quartile 3, ² Values correspond to Quartile 1

3) Dividend Discount Valuation (DDM)

Using the DDM approach, we arrive at a fair value of AED 1.68 per share

Alef Education maintains a policy to declare regular dividends to shareholders in the forecasted period. The company intends to distribute dividends semiannually, with the initial payment occurring in the first half of the year and the subsequent payment in the second half. The dividends are expected to be paid in cash. Alef Education intends to distribute 90% of its net profit as dividends in FY2024 and FY2025. The dividend is forecasted based on the management estimate. All forecasted dividends are discounted to present value using the cost of equity. Details related to the cost of equity calculation are provided above. We have also calculated our terminal growth rate assuming the Company business will continue to operate until perpetuity using the terminal growth rate of 3.0%.

IV. Dividend Discount Valuation

	FY2024E	FY2025E	FY2026E	FY2027E	FY2028E	FY2029E
All figures in AED million, unless stated						
Total Dividend	374	527	622	637	695	750
Discount factor	0.96	0.88	0.82	0.75	0.69	0.64
Present value of Dividend	359	466	508	479	482	479
Total Present Value of Dividend						2,773
Terminal Value						8,981
Terminal growth rate						3.0%
Cost of Equity						8.5%
Equity Value						11,754

Source: Company Information, FAB Securities Research

Key Financial Metrics

Financial Performance at a Glance

Growth Dynamics

Alef Education caters to a total of 6,730 public schools and private schools with a total of c. 1.1 million registered students across UAE, USA, Indonesia, and Morocco in FY2023

Alef Education Holding Plc operates as a leading global education company that utilizes artificial intelligence and machine learning technologies to create personalized learning experiences for both public and private schools in the UAE. Alef Education caters to more than 361 public schools and 302 private schools across the UAE. The Company has a seven-year remaining partnership with the Abu Dhabi Department of Education and Knowledge (ADEK), which started in January 2019. Additionally, Alef Education also forged a partnership with Project M, which began in September 2021 and is scheduled to conclude in August 2025.

The Company initially only operated in the UAE and later ventured into the US market with a local partner in FY2018, witnessing significant growth and catering to 26,130 students across 62 schools. Alef Education entered Indonesia through a significant deal with the Ministry of Religious Affairs, tapping into Asia's gateway and the world's fourth-largest education market. Furthermore, in FY2023, the Company entered Morocco with the launch of Alef Pathways, by expanding the service offerings and geographic presence, ultimately serving a total of 1.1 million students across 6,730 schools.

Alef Education primarily generates revenue through its two key segments, including the Education Solutions and Support & Services segment. The revenue from the Education Solutions accounts for the majority 87.6% of total revenue in FY2023, followed by Support & Services contribution 12.4% of total revenue in FY2023. The Company revenue grew at a CAGR of 6.0% from AED 667 Mn in FY2021 to AED 750 Mn in FY2023, mainly due to increased demand resulting from the Covid-19 pandemic and the shift towards digitalization in the education sector. The revenue of the Education Solutions segment grew at a CAGR of 5.9% from AED 586 Mn in FY2021 to AED 657 Mn in FY2023 primarily due to an increase in the number of students served in the ADEK contract. The number of students grew from 70,000 students in FY2021 to 80,000 students in FY2022. Revenue from the Support and Services segment grew at a CAGR of 6.5%, going from AED 82 Mn in FY2021 to AED 93 Mn in FY2023. Additionally, total revenue grew marginally from AED 176 Mn in 1Q23 to AED 177 Mn in 1Q24 driven by a marginal growth in Education Solutions and Support & Services segment.

Alef Education's revenue is expected to grow at a CAGR of 14.2% from AED 750 Mn in FY2023 to AED 1,455 Mn in FY2028. The robust topline growth is mainly attributable to the Company's planned organic and inorganic expansion across the B2G and B2B segments which is expected to create a new revenue stream for the company going forward. Revenue from the B2G contracted segment is expected to remain unchanged at AED 748 Mn over the forecasted period owing to fixed-rate charged per student both in the ADEK and Project M contract. In addition, the combined revenue of the B2G & B2B Growth Module Organic segment is expected to grow from AED 8 Mn in FY2024 to AED 556 Mn in FY2028 driven by the introduction of new products, contract wins and expansion across new geographies. Whereas, the consolidated revenue from B2G and B2B Growth Module Inorganic segments is anticipated to grow from AED 41 Mn in FY2024 to AED 151 Mn in FY2028 mainly supported by the company's planned acquisitions across MENA, GCC and US.

Total operating expenses declined from AED 336 Mn in FY2022 to AED 295 Mn in FY2023. The Company's total operating expenses mainly comprise of fixed and variable expenses. Fixed costs account for 67% of the total cost base, while variable costs make up 33% as of FY2023.

Revenue growth is expected to be driven by the planned organic and inorganic expansion across the B2G and B2B segments

Fixed costs majorly comprise salaries, legal & professional fees, marketing expenses and lease expenses. Salaries and legal & professional fees form bulk of the fixed cost comprising 74% and 18%, respectively in FY2023. On the other hand, variable cost mainly consists of technology expenses which make up 72% of total variable cost followed by software license fees of 28% in FY2023. The Company further aims to improve its cost structure through operational optimization and plans to systematically integrate technology into all aspects of its business operations to streamline costs. Further in 1Q24, total operating expenses declined from AED 62 Mn in 1Q23 to AED 56 Mn in 1Q24, mainly due to a decline in Salaries, legal & professional fees and marketing expense partially offset by a growth in technology expenses. The lower salary cost and professional fee owing to cost optimization and expense on new products moving from research to development phase leading to capitalization of expenses.

In addition, Alef Education's adjusted EBITDA grew from AED 476 Mn in FY2022 to AED 489 Mn in FY2023. Adjusted EBITDA margins also improved from 61.6% in FY2022 to 65.3% in FY2023. The margin expansion is attributed to the benefit of operating leverage and optimization of technology expenses. Furthermore, adjusted EBITDA grew 5.2% YOY to AED 130 Mn in 1Q24. Adjusted EBITDA margins also expanded from 70.2% in 1Q23 to 73.5% in 1Q24. We expect EBITDA to grow at a CAGR of 13.9% from AED 489 Mn in FY2023 to AED 939 Mn in FY2028 supported by the topline growth. B2G Contracted Segment EBITDA is expected to grow from AED 546 Mn (excluding unallocated expense) in FY2023 to AED 602 Mn in FY2028. The Company's total EBITDA from B2G and B2B Growth Module Organic is expected to grow from negative EBITDA of AED 35 Mn in FY2024 to AED 350 Mn in FY2028. Whereas the total EBITDA from B2G and B2B Growth Module Inorganic segment is expected to grow from AED 5 Mn in FY2024 to AED 59 Mn in FY2028. Alef Education's EBITDA margin is expected to decline from 65.3% in FY2023 to 64.6% in FY2028 owing to the inorganic growth and expansion in the B2B segment, which generate a lower margin than the existing contracted business.

Alef Education incurred a cumulative net cash capex of AED 81 Mn during FY2021-23. In addition, net capex grew from AED 10 Mn in 1Q23 to AED 57 Mn in 1Q24 primarily due to the acquisition of Abjadiyat and Arabits completed in 1Q24. It also incurred AED 10 Mn on platform work-in-progress and development of ADEK content in 1Q24. We expect the Company to incur a net capex of AED 592 Mn (including AED 175 Mn capex on potential M&As expected to be completed in FY2024) during FY2024-28 owing to the development of the Company's new platform and content. Alef Education free cash flow declined from AED 463 Mn in FY2022 to AED 447 Mn in FY2023 due to investment in working capital and higher capex. We expect the free cash flow to grow at a CAGR of 10.3% from AED 447 Mn in FY2023 to AED 732 Mn in FY2028. The robust cash flow generation is owing to the capex light model with minimum working capital requirements.

Key Financials (AED, Mn)	2022	2023	2024E	2025E	2026E	2027E	2028E
Revenue	773	750	810	1,067	1,245	1,319	1,455
Adjusted EBITDA^{1,2}	476	489	499	699	825	860	939
Adjusted Net profit after tax³	437	455	416	585	692	708	773
Adjusted EBITDA Margin	61.6%	65.3%	61.6%	65.5%	66.2%	65.2%	64.6%
Adjusted Net Profit Margin	56.6%	60.7%	51.3%	54.9%	55.5%	53.7%	53.1%
Net Debt/EBITDA	-0.4x	-0.5x	-1.0x	-0.8x	-0.8x	-0.9x	-0.9x

Source: Company Information, FAB Securities Research 2024-28, ¹ Adjusted EBITDA as reported from FY2022-23 and EBITDA from FY2024-28, ² Adjusted EBITDA = Net profit – interest income – Income from investments carried at FV through profit or loss + interest expense on lease liability + income tax expense + depreciation of PPE/ROU asset + amortization of intangible, ³ Adjusted net profit from FY2022-23 and net profit from FY2024-28; Adj. Net Profit = Net profit – income from financial assets carried at fair value through profit and loss – interest income

Financials

Alef Education's revenue grew at a CAGR of 6.0% from AED 667 Mn in FY2021 to AED 750 Mn in FY2023 driven by its long-term contracts with governments within the Education Solutions segment

Revenue is expected to grow at a CAGR of 14.2% from AED 750 Mn in FY2023 to AED 1,455 Mn in FY2028 owing to organic and inorganic expansion in B2G and B2B segment

Revenue

The Company generates revenue through its two key segments including the Education Solutions and Support and Services segment. The revenue from Education Solutions Segment makes up 87.6% of total revenue and the Support & Services Segment accounted for 12.4% of total revenue in FY2023. The Company's total revenue declined from AED 773 Mn in FY2022 to AED 750 Mn FY2023 mainly due to the decline in the Support & Services segment. Support & Services segment revenue declined from AED 118 Mn in FY2022 to AED 93 Mn in FY2023 primarily due to cyclical revenue of this segment owing to the devices refresh cycle. However, the revenue from the Education Solutions segment grew marginally from AED 655 Mn in FY2022 to AED 657 Mn in FY2023 owing to an increase in the weighted average number of students in the Project M contract. Furthermore, the revenue grew 0.4% YOY to AED 177 Mn in 1Q24. Education Solutions segment revenue remained flat at AED 164 Mn in 1Q24 while Support & Services segment grew from AED 12 Mn in 1Q23 to AED 13 Mn in 1Q24. The Support & Services segment grew marginally, noting significant portion of ADEK IT fees is recorded in 3Q23 given beginning of new academic year.

The Company's revenue is further expected to grow at a CAGR of 14.2% from AED 750 Mn in FY2023 to AED 1,455 Mn in FY2028 supported by planned organic and inorganic expansion across the B2G and B2B segments which is expected to derive new revenue stream for the Company going forward.

A. B2G (Contracted Revenue):

The Company mainly derives revenue from the B2G (Contracted Revenue) segment through long-term contracts with the Abu Dhabi Department of Education (ADEK) and Project M. The agreement with ADEK commenced in January 2019 and will expire in FY2030 indicating strong revenue visibility during the contract period. The contract also entails a minimum commitment of 80,000 students in a given year. Alef Education is also expected to charge AED 8,080 per student from ADEK during the contract period providing strong revenue visibility. The rate in the ADEK contract is anticipated to remain unchanged in the forecasted period. In addition, Project M commenced in September 2021 and is expected to expire in August 2025. The contract is anticipated to be renewed upon expiration. The contract includes delivering learning services to the Project M schools in the UAE. It is expected to cover 2,487 students with a rate of AED 3,144 per student. Revenue from the B2G (Contracted Revenue) segment grew at a CAGR of 6.0% from AED 667 Mn in FY2021 to AED 750 Mn in FY2023. The revenue growth is mainly attributable to an increase in the weighted average number of students in the ADEK and the Project M contract. The number of students in the ADEK contract grew from 70,000 in FY2021 to 80,000 in FY2023. The average rate charged per student declined from AED 8,329 in FY2021 to AED 8,080 in FY2023. However, the average rate per student is expected to remain unchanged until the end of the contract, aligning with the terms of the ADEK contract. The number of weighted students in Project M grew from 2,478 in FY2021 to 2,730 in FY2023. The average rate charged per student remained flat at AED 3,144 from FY2022 to FY2023. In addition, the revenue grew marginally 0.4% YOY to AED 177 Mn in 1Q24 owing to marginal growth in revenue of Education Solutions and Support & Services segment.

We expect revenue from the B2G (Contracted Revenue) Segment to marginally decline from AED 750 Mn in FY2023 to AED 748 Mn in FY2028 mainly due to the long-term contract with ADEK and Project M. ADEK contract is expected to generate a steady annual revenue of AED 646 Mn every year from FY2024-28. The revenue is expected to remain stable mainly due to the contract provision for a fixed average price per student and fixed number of student

throughout the contract period. Revenue from the Project M contract is expected to marginally fall from AED 9 Mn in FY2023 to AED 8 Mn on an average during FY2024-28 owing to the nature of the contract. Support & Services revenue is expected to grow marginally from AED 93 Mn in FY2023 to AED 94 Mn in FY2028. The revenue from this segment is cyclical owing to the device refresh cycle every four years. As a result, revenue from Support & Services will jump every four years owing to the replacement cycle.

B2G – Contracted Revenue	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E
ADEK no of students ('000)	70,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
ADEK Rate per student (AED)	8,329 ¹	8,080	8,080	8,080	8,080	8,080	8,080	8,080
Revenue from ADEK	583	646	646	646	646	646	646	646
Project M no of students ('000)	2,478	2,478	2,730	2,487	2,487	2,487	2,487	2,487
Project M Rate per student (AED)	1,048	3,144	3,144	3,144	3,144	3,144	3,144	3,144
Revenue from Project M	3	8	9	8	8	8	8	8
Support & Services	82	118	93	107	94	94	94	94
Total Revenue (AED, Mn)	667	773	750	761	748	748	748	748

Source: Company Information, FAB Securities Estimates 2024-28, ¹Weighted average rate shown for FY2021 based on – 65k students for 8 months at AED 8,483 per student and 80k students for 4 months at AED 8,080 as per the contract

B. B2G Growth Module (Organic):

Alef Education is planning to enter into a new contract with ADEK to provide learning solutions from kindergarten to Grade 4. The earlier contract with ADEK provides solutions for Grades 5 to 8. In addition, it is already in discussion with Muhammad bin Zayed University (MBZU) to develop a test for the Arabic language. The test will be used for the entrance exam of MBZU across GCC nations, covering MBZU Islamic and MBZU Assessments. Further, the Company is currently in discussion with the Ministry of National Education of Morocco to offer language teaching and learning services in English, Arabic, and French via the ALEF platform and student application. ADEK K-4 contract has a potential annualized revenue of AED 250-300 Mn. MBZU and contract from government of Morocco has a potential annualized revenue of AED 50-200 Mn and AED 75-80 Mn, respectively. Alef Education is also currently in discussions to enter into a contract with other Ministries, and Universities from which it is expecting an annualized revenue of AED 55-60 Mn.

The Company expects to acquire MBZU, Government of Morocco and other Ministries contract in FY2024 and ADEK K-4 contract in FY2025. It is expected to generate a revenue of AED 3 Mn in FY2024 and further expect this revenue to grow to AED 325 Mn in FY2028. Alef Education expects to generate annual revenue of c. AED 184 Mn each year from ADEK K-4 contract from FY2025-28. Revenue from Morocco contracts is expected to grow from c. AED 2 Mn in FY2024 to AED 69 Mn in FY2028. Further topline from the MBZU contract is anticipated to grow from AED 2 Mn in FY2024 to AED 39 Mn in FY2028. The revenue from others is expected to amount AED 1 Mn in FY2025 to AED 33 Mn in FY2028.

Revenue - B2G Growth Module (Organic)	2024E	2025E	2026E	2027E	2028E
ADEK K-4	-	184	184	184	184
Muhammad bin Zayed University (MBZU)	2	5	14	23	39
Morocco	2	10	65	67	69
Others	-	1	32	32	33
Total Revenue (AED, Mn)	3	199	295	306	325

Source: Company Information, FAB Securities Estimates 2024-28

The projected revenue from the B2G Growth Module Organic and Inorganic Segment is anticipated to be driven by new long-term government contracts and expected completion of M&A deals

C. B2G Growth Module (Inorganic):

Alef Education entered into discussions for various M&A deals aimed at boosting growth. In the B2G Growth Module (Inorganic) segment, the Company aims to close two deals, including Delta (GCC) and Nectar (GCC). In addition, the Company completed a joint venture agreement with Arabic Scale in March 2024, with revenue generation expected to commence in FY2025. Furthermore, the Company aims to acquire a 100% stake in the Delta (GCC) deal which is currently in the due diligence stage and is expected to have a high likelihood of completion in 2Q2024/3Q2024. The Company also aims to acquire a 20% stake in Nectar (GCC), which is still in the exploration stage and has an early-stage likelihood of completion in 2Q2024/3Q2024. We have assigned probability weight to the deals in various stages of completion wherein, a deal in advanced (high) stage of completion is assigned a probability weight of 100%, medium stage is assigned a weight of 50% and early-stage deal is assigned a weight of 20%. We have multiplied probability weight with annualized revenue to compute revenue from each opportunity. The Company's revenue from the B2G Growth Module (Inorganic) segment is expected to grow from AED 10 Mn in FY2024 to AED 76 Mn in FY2028. Arabic Scale JV deal is finalized in March 2024. Thus, we expect the Arabic Scale (MENA) deal to record a revenue of AED 8 Mn in FY2025 and later grow to AED 51 Mn in FY2028. Similarly, we anticipate a high likelihood of finalizing the Delta (GCC) deal by 2Q2024/3Q2024. Once finalized, the acquisition is expected to generate a revenue of AED 6 Mn in FY2024, and later to grow AED 15 Mn by FY2028. Nectar deal is still in the exploration stage and the likelihood of deal completion is early stage. As a result, we have assigned a probability weight of 20% to the annualized revenue. Alef Education also aims to acquire a 20% stake in Nectar. Once the deal is finalized, revenue from Nectar will grow from AED 4 Mn in FY2024 to AED 10 Mn in FY2028.

Expansion into different geographies including UAE, GCC & MENA, and Emerging markets along with expansion of existing and new product offering is anticipated to drive the revenue growth in the forecasted period for the total B2B Growth Module Organic Segment

B2G Growth Module (Inorganic)	2024E	2025E	2026E	2027E	2028E
Arabic Scale (MENA)	-	8	23	34	51
Delta (GCC)	6	13	14	14	15
Nectar (GCC)	4	9	9	9	10
Total Revenue (AED, Mn)	10	29	45	58	76

Source: Company Information, FAB Securities Estimates 2024-28

D. B2B Growth Module (Organic):

Alef Education plans to expand its product range into different geographies, including the UAE, Other GCC & MENA region, and Emerging Markets, by introducing new and expanding existing product offerings. The new product launches include ECE (K-2) for young children focusing on literacy and numeracy skills in both English and Arabic, G3-12 Courseware provides core supplemental and power skills in Arabic, English, and regional languages in select markets, K-12 assessments covering all subject areas, the Future Learner featuring cutting-edge technology for schools and students, and Teacher Support offering comprehensive data analytics and insights for professional development. The revenue for each segment is forecasted based on the size of the total addressable market, potential market share of Alef Education by each product, number of modules and average price per module.

In the UAE, the company identified a total addressable market (TAM) of 376,143 for the ECE (K-2) course and 604,454 for other courses, including G3-12 Courseware, K-12 Assessment, Future Learner, and Teacher Support. Similarly, the Other GCC & MENA region's TAM for ECE (K-2) courses is 10.1 Mn and 15.7 Mn for other courses. Additionally, in Emerging markets, the TAM for ECE (K-2) is stood at 49.0 Mn and 95.7 Mn for other courses. It further expects this TAM to grow at different growth rates in each addressable market. We expect total revenue from the B2B Growth Module to grow from AED 5 Mn in FY2024 to AED 231 Mn in FY2028. Revenue from the UAE region is expected to grow from AED 3 Mn in FY2024 to AED 28 Mn in FY2028. Revenue

from Other GCC & MENA regions is expected to grow from AED 2 Mn in FY2024 to AED 56 Mn in FY2028. In addition, the revenue from Emerging markets is expected to increase from AED 7 Mn in FY2025 to AED 147 Mn in FY2028.

B2B Growth Module (Organic)	2024E	2025E	2026E	2027E	2028E
UAE	3	7	13	18	28
Other GCC & MENA	2	12	36	43	56
Emerging Market	-	7	40	74	147
Total Revenue (AED, Mn)	5	26	89	135	231

Source: Company Information, FAB Securities Estimates 2024-28

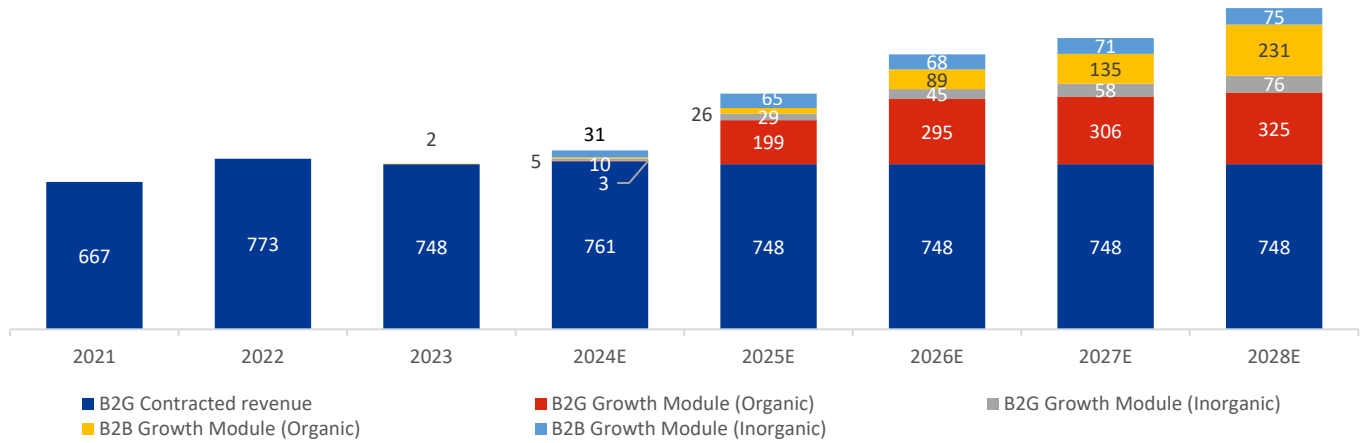
E. B2B Growth Module (Inorganic):

The Company entered into an initial discussion for acquiring three companies in the B2B Growth Module (Inorganic) segment to boost growth. Alef Education aims to acquire a 100% stake in the Lima (GCC) deal which is currently in the valuation stages and is expected to have a medium likelihood of completion in 2Q2024/3Q2024. In addition, the Company also aims to acquire a 100% stake in Western (US) and Romeo (US), which are still in the exploration stage and have an early-stage likelihood of completion in 2Q2024/3Q2024. Similar to the B2G Growth module (Inorganic segment), we have allocated specific probability weights to the likelihood of completion for all three deals, categorizing them as high, medium, and early stage. A weight of 100% is assigned to the high probability, 50% to the medium, and 20% to the early probability. The Lima (GCC) deal is currently in the valuation stage and we anticipate a medium likelihood of it getting finalized by 2Q2024/3Q2024. Once finalized, revenue is expected to grow from AED 3 Mn in FY2024 to AED 8 Mn in FY2028. We have assigned an early-stage probability for the Western (US) and Romeo (US) deals, where the Company aims to acquire a 100% stake. Thus, once the deal is finalized, the combined revenue from both deals is expected to grow from AED 28 Mn in FY2024 to AED 67 Mn in FY2028.

B2B Growth Module (Inorganic)	2024E	2025E	2026E	2027E	2028E
Lima (GCC)	3	7	7	7	8
Western (US)	18	38	40	42	44
Romeo (US)	10	20	21	22	23
Total Revenue (AED, Mn)	31	65	68	71	75

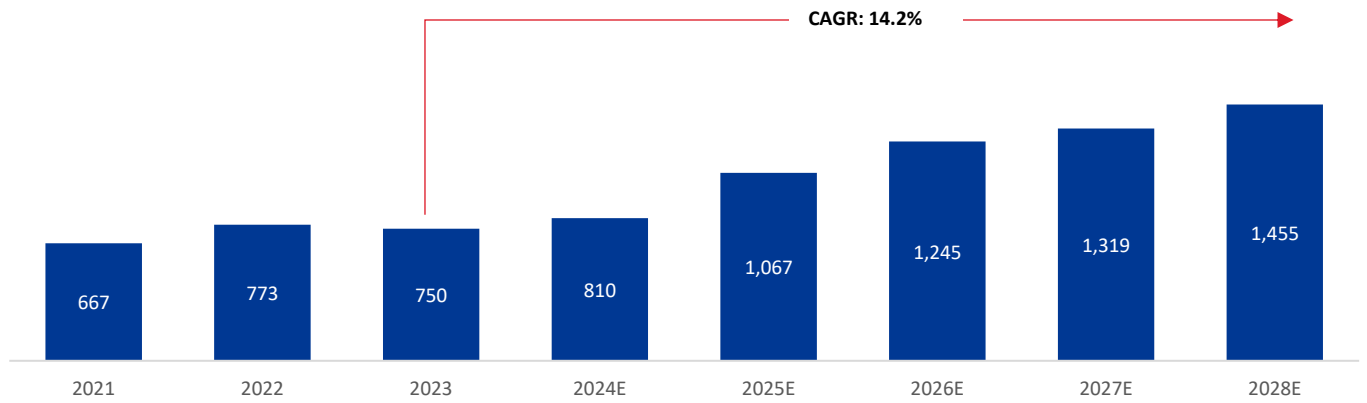
Source: Company Information, FAB Securities Estimates 2024-28

Figure 54: Revenue by Segment (AED, Mn)



Source: Company Information, FAB Securities Research 2024-28

Figure 55: Total Revenue (AED, Mn)



Source: Company Information, FAB Securities Research 2024-28

Operating Expenses

Alef Education's cost structure includes fixed and variable costs with fixed cost accounting for 67% and variable cost for 33% of total cost in FY2023

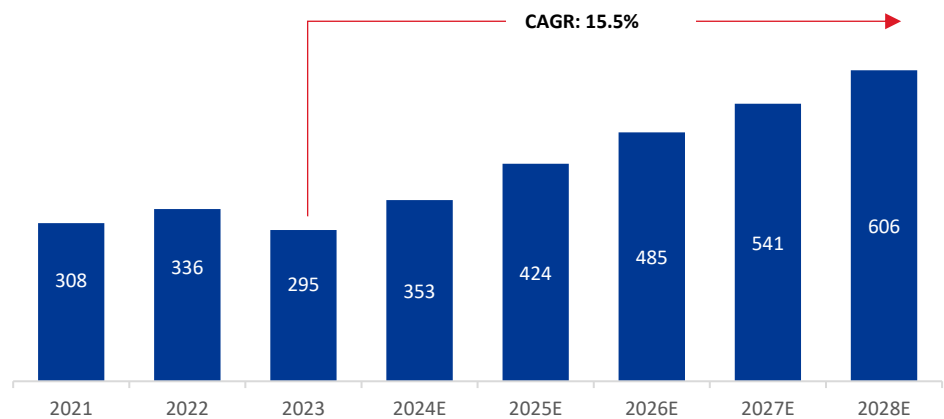
Alef Education's total operating expenses are mainly fixed and variable expenses. Fixed costs account for 67% of the total cost base, while variable costs make up 33% as of FY2023. The Company's fixed costs include salaries, legal & professional fees, marketing expenses, and lease expenses, while variable costs include technology and software license expenses. Total variable cost declined from AED 101 Mn in FY2021 to AED 87 Mn in FY2023 primarily due to a fall in technology expenses. The Company's technology expenses declined from AED 81 Mn in FY2021 to AED 63 Mn in FY2023 mainly due to the cyclical ADEK IT costs due to a device refresh cycle. Selling, General & Administrative (SG&A) expenses grew marginally from AED 163 Mn in FY2021 to AED 166 Mn in FY2023. Whereas, SG&A declined from AED 183 Mn in FY2022 to AED 166 Mn in FY2023 primarily due to lower salaries expenses and a decline in legal & professional fees. The variation in salaries and other benefits expenses is mainly due to expensing of certain cost in FY2022 compared to capitalization in FY2023. The legal and professional fees grew 13.5% to AED 42 Mn in FY2022 owing to the outsourcing of research and development to outside vendors and the same declined from AED 42 Mn in FY2022 to AED 31 Mn in FY2023 owing to cost optimizations. Depreciation and amortization expenses declined from AED 37 Mn in FY2021 to AED 34 Mn in FY2023. Amortization expense grew from AED 27 Mn in FY2021 to AED 31 Mn in FY2023 primarily due to the capitalization of content cost of products developed for ADEK. Whereas, depreciation expenses declined from AED 11 Mn in FY2021 to AED 3 Mn in

FY2023 due to the retirement of fixed assets aligning with the Company’s depreciation cycle. Other expenses which comprise leases and other costs remained almost stable at AED 7 Mn in FY2023 compared to FY2021. The Company’s lease costs pertain to a short-term lease for the headquarters in the UAE and a two-year long-term lease for an office in Jordan, while other expenses encompass miscellaneous items such as internet fees, vehicle expenses, and maintenance costs. Furthermore, total operating expenses declined from AED 62 Mn in 1Q23 to AED 56 Mn in 1Q24 mainly due to lower salaries, legal and professional fees and marketing expenses partially offset by increased technology expenses and software licenses. Salaries declined from AED 30 Mn in 1Q23 to AED 27 Mn in 1Q24 while legal and professional fees declined from AED 6 Mn in 1Q23 to AED 2 Mn in 1Q24. The decline in salaries, legal and professional fees is due to cost optimization and new products moving from the research to the developed phase. Technology expenses grew from AED 7 Mn in 1Q23 to AED 9 Mn in 1Q24 driven by contract renegotiations and adjustments for inflation. Software expenses grew from AED 5 Mn in 1Q23 to AED 6 Mn in 1Q24. Depreciation and amortization expenses remained flat at AED 9 Mn in 1Q24 as compared to 1Q23.

Total operating expenses is anticipated to grow at a CAGR of 15.5% from AED 295 Mn in FY2023 to AED 606 Mn in FY2028

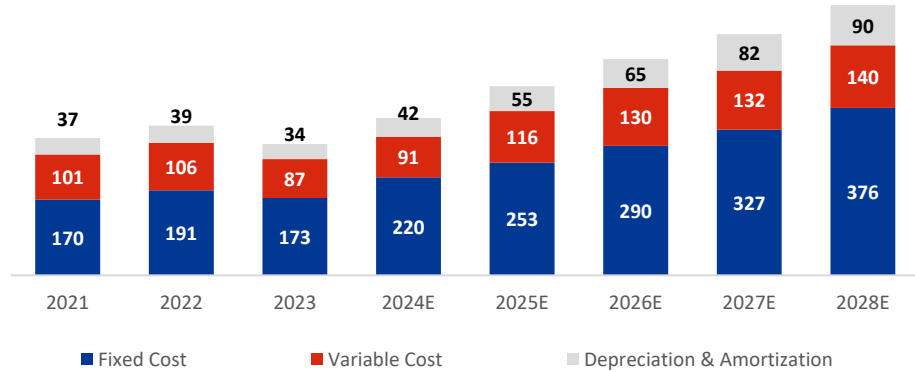
We expect the Company’s total operating expenses to grow at a CAGR of 15.5% from AED 295 Mn in FY2024 to AED 606 Mn in FY2028. Fixed expenses are anticipated to grow from AED 173 Mn in FY2023 to AED 376 Mn in FY2028 primarily due to broad based growth in all operating expenses. Salaries and other benefits are expected to grow from AED 128 Mn in FY2023 to AED 247 Mn in FY2028. Legal & Professional Fees and Marketing expenses are expected to grow from AED 31 Mn and AED 8 Mn in FY2023 to AED 55 Mn and AED 16 Mn in FY2028, respectively. The Company’s variable expenses are expected to grow from AED 87 Mn in FY2023 to AED 140 Mn in FY2028. The increase in direct expenses is primarily due to a growth in Technology and Software License costs. Technology expenses is anticipated to grow from AED 63 Mn in FY2023 to AED 108 Mn in FY2028. While Software License cost is expected to grow from AED 24 Mn in FY2023 to AED 32 Mn in FY2028. In addition, D&A expenses is also expected to grow from AED 34 Mn in FY2023 to AED 90 Mn in FY2028 owing to a growth in assets and acquisitions expected to be completed in FY2024.

Figure 56: Total Operating Expenses (AED, Mn)



Source: Company Information, FAB Securities Research 2023-28

Figure 57: Total Expenses break-up (AED, Mn)



Source: Company Information, FAB Securities Research 2024-28

EBITDA

Total EBITDA is anticipated to grow at a CAGR of 13.9% from AED 489 Mn in FY2023 to AED 939 Mn in FY2028

Alef Education's adjusted EBITDA grew at a CAGR of 11.2% from AED 396 Mn in FY2021 to AED 489 Mn in FY2023. The growth in Adjusted EBITDA is primarily attributable to the streamlining of content development expenses and the capitalization of costs associated with the development of new products such as Pathways. Adjusted EBITDA margin expanded from 59.3% in FY2021 to 65.3% in FY2023. The margin expansion is attributed to the benefit of operating leverage and optimization of technology expenses. Education Solutions adjusted EBITDA grew from AED 451 Mn in FY2021 to AED 521 Mn in FY2023. Support & Services segment adjusted EBITDA grew from negative AED 1 Mn in FY2021 to AED 25 Mn in FY2023. The Unallocated segment which includes corporate overhead costs grew marginally from AED 54 Mn in FY2021 to AED 57 Mn in FY2023. The Company's adjusted EBITDA grew 5.2% YOY to AED 130 Mn in 1Q24 driven by an increase in EBITDA of Education Solutions segment. Education Solutions EBITDA segment grew from AED 128 Mn in 1Q23 to AED 136 Mn in 1Q24. Meanwhile, the Support & Services segment's EBITDA declined from AED 4 Mn in 1Q23 to AED 3 Mn in 1Q24. Unallocated segment remained flat at negative AED 9 Mn in 1Q24 as compared to 1Q23. Total adjusted EBITDA margin expanded from 70.2% in 1Q23 to 73.5% in 1Q24 mainly due to significant portion of ADEK IT revenues and costs, which typically have lower margins, are recognized in 3Q23, whereas the Education Solutions segment generally has higher margins.

Further, the EBITDA is expected to grow at a CAGR of 13.9% from AED 489 Mn in FY2023 to AED 939 Mn in FY2028 mainly due to strong revenue growth. The Company's current ongoing long-term contracts and future expansion strategies are expected to drive EBITDA growth. Alef Education's total adjusted EBITDA margin is expected to decline from 65.3% in FY2023 to 64.6% in FY2028 owing to the inorganic growth and expansion in the B2B segment, which generate a lower margin than the existing contracted business.

A. B2G (Contracted Revenue):

B2G Contracted Segment EBITDA is expected to grow from AED 546 Mn in FY2023 to AED 602 Mn in FY2028 driven by the long-term nature of contracts which is expected to support the revenue growth going forward. The segment's total EBITDA margin is expected to grow from 72.8% in FY2023 to 80.5% in FY2028.

B2G – Contracted EBITDA	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E
EBITDA	450	526	546	601	595	598	602	602
EBITDA margin	67.4%	68.1%	72.8%	79.0%	79.5%	80.0%	80.5%	80.5%

Source: Company Information, FAB Securities Estimates 2024-28

New acquisitions and existing long-term contracts to support the EBITDA growth in the B2G

Growth Module Organic and Inorganic segments

B. B2G Growth Module (Organic):

The Company plans to acquire three government contracts in 2024 and the remaining one contract in 2025. B2G Growth Module (Organic) EBITDA is expected to recover from a negative EBITDA of AED 1 Mn in FY2024 to later bounce back to AED 252 Mn in FY2028. Likewise, the segment's total EBITDA margin is expected to recover from negative 33.3% in FY2024 to 77.5% in FY2028.

EBITDA - B2G Growth Module (Organic)	2024E	2025E	2026E	2027E	2028E
EBITDA	-1	173	248	238	252
EBITDA margin	-33.3%	87.0%	84.0%	77.5%	77.5%

Source: Company Information, FAB Securities Estimates 2024-28

C. B2G Growth Module (Inorganic):

The Company successfully completed a joint venture agreement with Arabic Scale in MENA region in March 2024. It further plans to complete two additional acquisitions in the MENA and GCC region during FY2024. Alef Education concluded the Arabic Scale (MENA) deal in March 2024, while the Delta (GCC) and Nectar (GCC) deals are currently in the due diligence and exploration stages, respectively. The acquisition is aimed to be completed in 2Q/3Q24. Once the deal is finalized, B2G Growth Module (Inorganic) segment EBITDA is expected to recover from negative EBITDA of AED 3 Mn in FY2024 to later bounce back to AED 35 Mn in FY2028. The growth is aimed to be driven by the consolidation of multiple M&A deals which are currently in the pipeline. Arabic Scale EBITDA is expected to grow from negative AED 5 Mn in FY2024 to AED 30 Mn in FY2028, driven by the expectation that the business will start generating profit from FY2026. Delta (GCC) & NECTAR (GCC) EBITDA is expected to grow from AED 2 Mn in FY2024 to AED 5 Mn in FY2028.

B2G Growth Module (Inorganic)	2024E	2025E	2026E	2027E	2028E
Arabic Scale (MENA)	-5	-3	2	7	30
Delta (GCC)	1	3	3	3	3
Nectar (GCC)	1	2	2	2	2
Total (AED, Mn)	-3	2	7	12	35
EBITDA Margin	-27.4%	5.3%	15.5%	20.4%	46.0%

Source: Company Information, FAB Securities Estimates 2024-28

D. B2B Growth Module (Organic):

In this segment, the Company plans to build its B2B presence in UAE, other MENA and Emerging Market countries. B2B Growth Module (Organic) EBITDA is expected to grow from negative EBITDA of AED 34 Mn in FY2024 to AED 98 Mn in FY2028. The growth in EBITDA is expected to be driven by the Company's rise in market share, growth in total addressable market, and average price per module in UAE, Other GCC & MENA, and Emerging Markets. EBITDA margin is expected to recover from negative 66.0% in FY2025 to 42.5% in FY2028.

B2B Growth Module (Organic)	2024E	2025E	2026E	2027E	2028E
Total EBITDA	-34	-17	22	58	98
EBITDA margin	NM	-66.0%	24.5%	42.5%	42.5%

Source: Company Information, FAB Securities Estimates 2024-28

E. B2B Growth Module (Inorganic):

Under this segment, Alef Education aims to acquire companies in GCC and USA. The Company is currently in discussion with two companies in US which are currently in the exploration stage and one company in GCC region which is in the valuation stage. Once the deals are finalized,

Strong revenue growth led by expansion into new geographies and product portfolio expansion to drive the margins in the B2B Growth Module Organic and Inorganic segments

B2B Growth Module (Inorganic) EBITDA is expected to report an EBITDA of AED 8 Mn in FY2024 and later grow to AED 24 Mn in FY2028 driven by growth in topline of the acquisitions. The GCC acquisition is forecasted to experience growth in EBITDA from AED 1 Mn in FY2024 to AED 2 Mn in FY2028, while the consolidation of the US business is projected to grow EBITDA from AED 7 Mn in FY2024 to AED 22 Mn in FY2028.

B2B Growth Module (Inorganic)	2024E	2025E	2026E	2027E	2028E
Lima (GCC)	1	1	1	2	2
Western (US)	7	15	16	17	18
Romeo (US)	-	2	5	5	5
Total (AED, Mn)	8	18	22	23	24
EBITDA Margin	25.5%	28.0%	32.1%	32.1%	32.1%

Source: Company Information, FAB Securities Estimates 2024-28

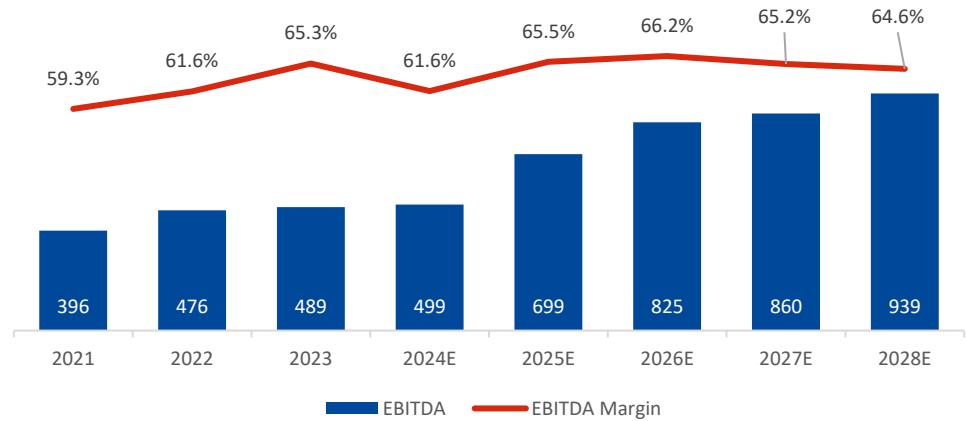
F. Unallocated:

The unallocated segment includes corporate overhead that is not assigned to any specific segment. The Company expects the market exploration cost and corporate overheads of AED 16 Mn and 56 Mn annually from FY2024 to FY2028, respectively.

Unallocated	2024E	2025E	2026E	2027E	2028E
Market Exploration	-16	-16	-16	-16	-16
Corporate overheads	-56	-56	-56	-56	-56
Total (AED, Mn)	-72	-72	-72	-72	-72

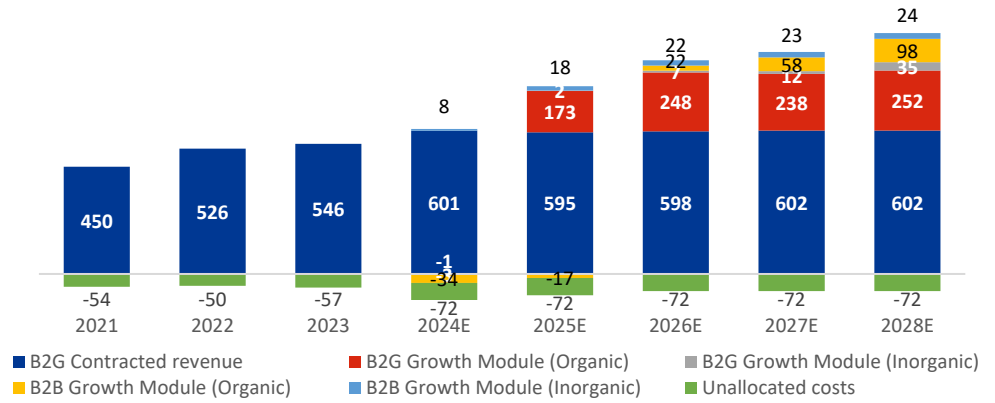
Source: Company Information, FAB Securities Estimates 2024-28

Figure 58: EBITDA^{1,2} (AED, Mn) and Margin



Source: Company Information, FAB Securities Research 2024-28, ¹ Adjusted EBITDA as reported from FY2021-23 and EBITDA from FY2024-28, ² Adjusted EBITDA = Net profit – interest income – Income from investments carried at FV through profit or loss + interest expense on lease liability + income tax expense + depreciation of PPE/ROU asset + amortization of intangibles

Figure 59: EBITDA by Segment (AED, Mn)



Source: Company Information, FAB Securities Research 2024-28

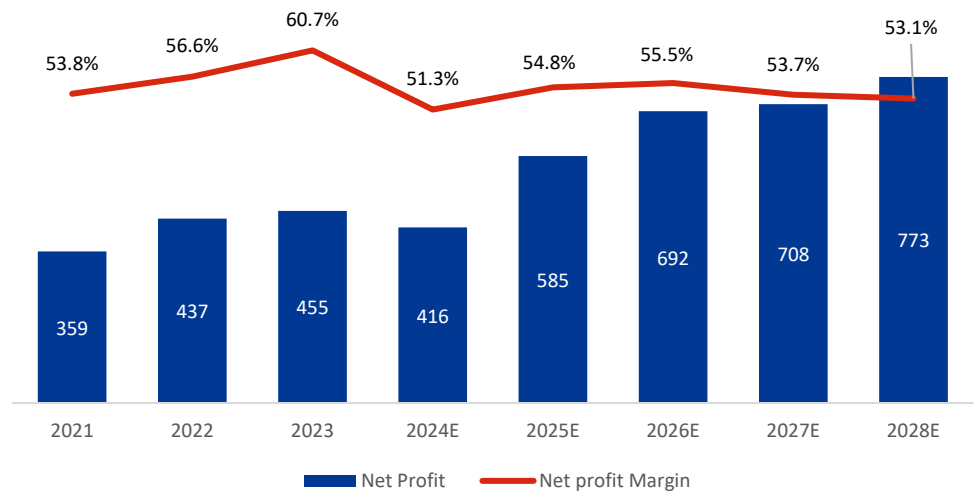
Adjusted Net Profit

Net profit is expected to grow at a CAGR of 11.2% from AED 455 Mn in FY2023 to AED 773 Mn in FY2028

Alef Education’s adjusted net profit grew at a CAGR of 12.5% from AED 359 Mn in FY2021 to AED 455 Mn in FY2023 supported by the growth in the Education Solutions segment. Total adjusted net profit margin grew from 53.8% in FY2021 to 60.7% in FY2023. The Education Solutions segment’s net profit grew strongly from AED 424 Mn in FY2021 to AED 490 Mn in FY2023 attributable to the growth in the number of students in the ADEK contract in addition to cost optimization. Support & Services segment turned profitable from a net loss of AED 1 Mn in FY2021 to a net profit of AED 25 Mn in FY2023. Unallocated expense declined from AED 64 Mn in FY2021 to AED 60 Mn in FY2023. In addition, the Company’s adjusted net profit declined from AED 114 Mn in 1Q23 to AED 110 Mn in 1Q24.

The Company’s net profit is expected to grow at CAGR 11.2% from AED 455 Mn in FY2023 to AED 773 Mn in FY2028 supported strong growth in revenue partially offset by an increase in D&A expenses and introduction of corporate tax in UAE from FY2024. However, the net profit margin is expected to decline from 60.7% in FY2023 to 53.1% in FY2028.

Figure 60: Adjusted Net Profit¹ (AED, Mn) and Margin



Source: Company Information, FAB Securities Research 2024-28, ¹ Adj. Net Profit = Net profit – income from financial assets carried at fair value through profit and loss – interest income from FY2021-23, and the net profit is not adjusted during FY2024-28

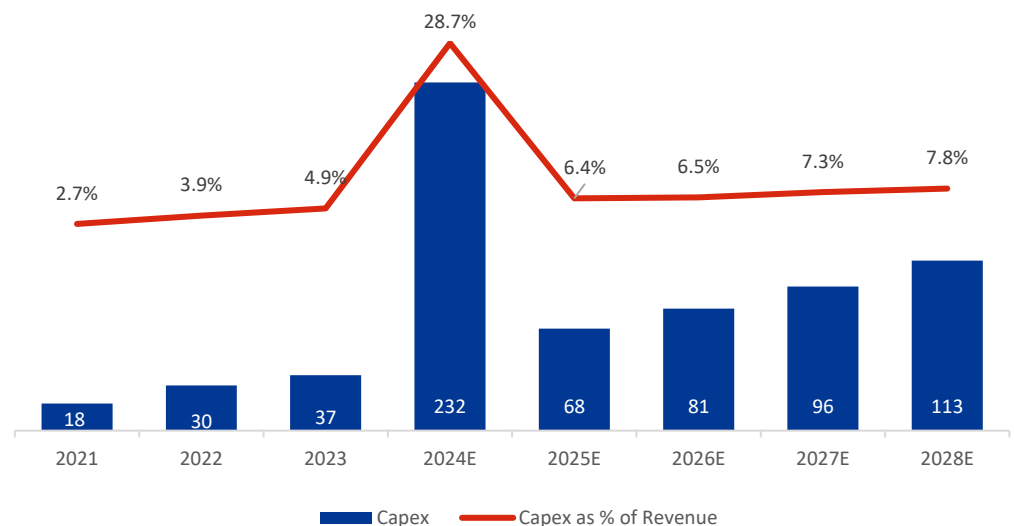
Capital Expenditure

We anticipate Alef Education to spend an average of 6.6% of the total revenue on capex during FY2023-28

Alef Education operates a capex-light business model with most of capital expenditure directed towards the development of new platforms and content. The capex is attributed between growth and maintenance. Growth capex is included in intangible assets including capex on computer software and internally generated intangible assets. While maintenance capex is included in property, plant and equipment including capex on office equipment, furniture & fixtures, office and school land/leasehold improvements, school equipment and villa furniture & fixtures. The Company's investment in capex grew at a CAGR of 43.2% from AED 18 Mn in FY2021 to AED 37 Mn in FY2023. Alef Education incurred a cumulative capex of AED 83 from FY2021 to FY2023 for the development of Alef platforms, products, and associated content. The Company's addition in intangible assets grew from AED 17 Mn in FY2021 to AED 36 Mn in FY2023 which primarily consist of computer software and internally generated intangible assets. Whereas, the addition to property and equipment remains unchanged at AED 1 Mn in FY2021 and FY2023. Furthermore, the Company's investment in capex grew from AED 10 Mn in 1Q23 to AED 57 Mn in 1Q24 mainly due to purchase of intangibles assets owing to the acquisition of Arabits and Abjadiyat. The Company's investment in intangible assets grew from AED 9 Mn in 1Q23 to AED 56 Mn in 1Q24 mainly due to the acquisition of Abjadiyat and Arabits completed in 1Q24. The acquisitions of Abjadiyat amounted to AED 11.7 Mn (including VAT) while Arabits acquisition amounted to AED 37.1 Mn (including VAT) in 1Q24. Whereas, the addition to property and equipment remains unchanged at AED 0.1 Mn in 1Q23 and 1Q24.

We further expect the Company to incur a cumulative capex of AED 592 Mn (including AED 175 Mn capex on potential M&As expected to be completed in FY2024) during FY2024-28. The majority of this capex will be spent on the development of the company's new platform and content. As a result, the addition of intangible assets is expected to grow from AED 36 Mn in FY2023 to AED 105 Mn in FY2028. Furthermore, the addition of property and equipment is expected to grow from AED 1 Mn in FY2023 to AED 9 Mn in FY2028.

Figure 61: Capex (AED, Mn)



Source: Company Information, FAB Securities Research 2024-28, Capex = Purchase of PPE + purchase of intangible assets, incl. non-cash capex amounting to AED 2.5 MN in FY2022 and AED 4.1 MN in FY2023

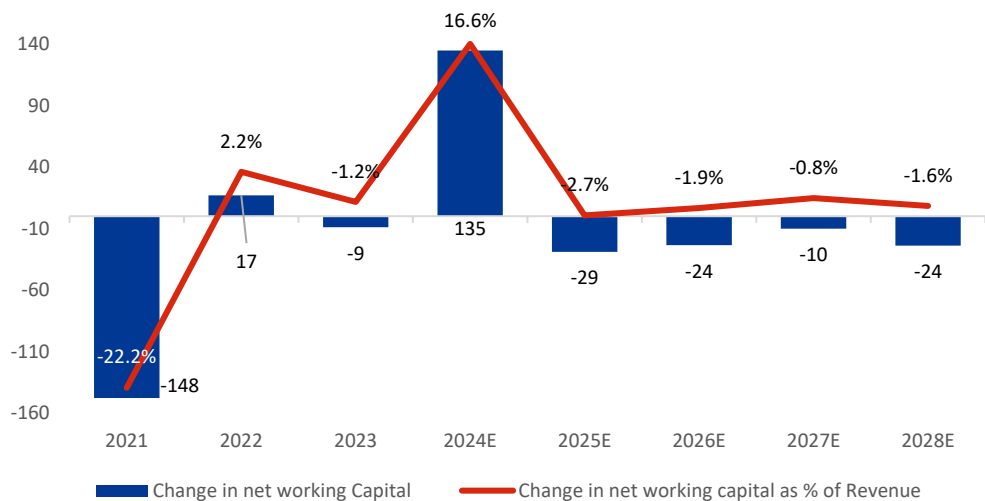
We anticipate Alef Education to generate a cumulative cash of AED 48 Mn from working capital during FY2024-28 owing to receipt of AED 109.8 Mn due from related parties in FY2024

Working Capital

Alef Education’s working capital comprises trade and other receivables, trade and other payables, amount due from related parties, and contract assets. The Company’s net working capital stood at AED 74 Mn and AED 64 Mn in FY2023 and FY2022, respectively. Alef Education’s majority of net receivables include prepayments, accrued income, government, advances, and refundable deposits. The Company’s receivable days stood at 70 days and 81 days in FY2022 and FY2023, respectively while the average days sales outstanding stood at 81 days from FY2021 to FY2023. Alef Education’s contract with ADEK adheres to a 30-day payment term, while payments from PCs are commonly collected within 45 to 60 days. In addition, the Company’s net working capital stood nil in 1Q23 and positive AED 8 Mn in 1Q24. The Company’s receivables days stood at 70 days and 197 days in 1Q23 and 1Q24, respectively. The significant increase in receivable days is driven by the increase in receivables owed by ADEK and the Presidential Court (PC) in 1Q24. The amount of current trade and other receivables used in this net working capital calculation for the three months ended 31 March 2024 excludes ADEK receivable of AED 129.5 Mn (majority of receivable received in April 2024) and PC receivables of AED 128.5 Mn which were adjusted due to administrative delay. The Company’s trade and other payables include trade payables, advances from customers, VAT payables, accrued expenses, and other payables. The Company’s payable days stood at 91 days and 116 days in FY2022 and FY2023, respectively while the average days payables outstanding stood at 103 days from FY2021 to FY2023. Additionally, the Company’s payables days stood at 201 days and 197 days in 1Q23 and 1Q24, respectively. The decline in payable and days is owing bonus payable included in 1Q23 compared to no bonus payable included in 1Q24 coupled with the introduction of corporate income tax in 1Q24.

We anticipate receivables days to grow from 44 days in FY2024 to 58 days in FY2028 with an average of 51 days, and payable days will also increase from 51 days in FY2024 to 58 days in FY2028 with an average of 55 days during FY2024-28. We further project the Company to generate a cumulative net working capital of AED 48 Mn during FY2024-28 owing to receipt of AED 109.8 Mn due from related parties in FY2024.

Figure 62: Change in Net Working Capital¹ (AED, Mn)



Source: Company Information, FAB Securities Research 2024-28, ¹Change in net working capital (NWC) = NWC prior year – NWC current year

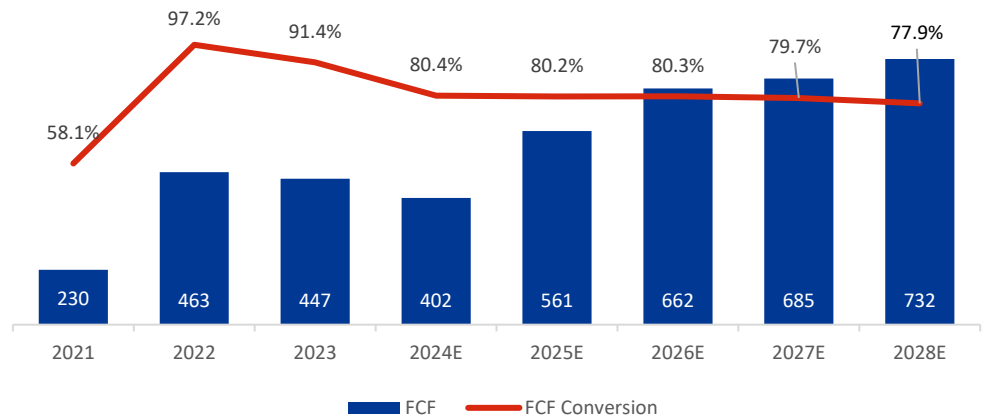
Alef Education is expected to generate a cumulative cash flow of AED 3.6 Bn from operations with a cumulative free cash flow of AED 3.0 Bn during FY2024-28

Cash Flow Generation

Alef Education's free cash flow grew from AED 230 Mn in FY2021 to AED 447 Mn in FY2023. The Company generated AED 463 Mn and AED 447 Mn in free cash flow (FCF) with an FCF conversion ratio of 97.2% and 91.4%, respectively in FY2022 and FY2023. The strong growth in cash flow over the years is attributable to strong growth in adjusted EBITDA and change in working capital driven by the receipt of payments from PC (The Presidential Court) for ADEK-related payments. Furthermore, the Company generated a free cash flow of AED 178 Mn and AED 140 Mn in 1Q23 and 1Q24, respectively. The decline in free cash flow is driven by higher capex attributed to Abjadiyat and Arabits acquisition.

Furthermore, Alef Education's capex light model with minimum working capital requirements is expected to drive free cash flow growth. We expect Alef Education to generate robust free cash flow with a cumulative free cash flow of AED 3,041 Mn during FY2024-28. The strong growth in the free cash flow will enable the Company to pay an attractive dividend. The Company is also expected to generate a cumulative operating cash flow of AED 3,645 Mn during FY2024 -28 owing to robust growth in profit.

Figure 63: Free Cash Flow^{1,2,3} (AED, Mn)



Source: Company Information, FAB Securities Research 2024-28, ¹Free cashflow calculation for FY2021-23 – Adjusted EBITDA – Change in net working capital – capex, ² Free cash flow is calculated in the forecasted period as EBITDA – Change in Working Capital -Capex – Tax, ³ FCF conversion is calculated based on FCF/Adjusted EBITDA.

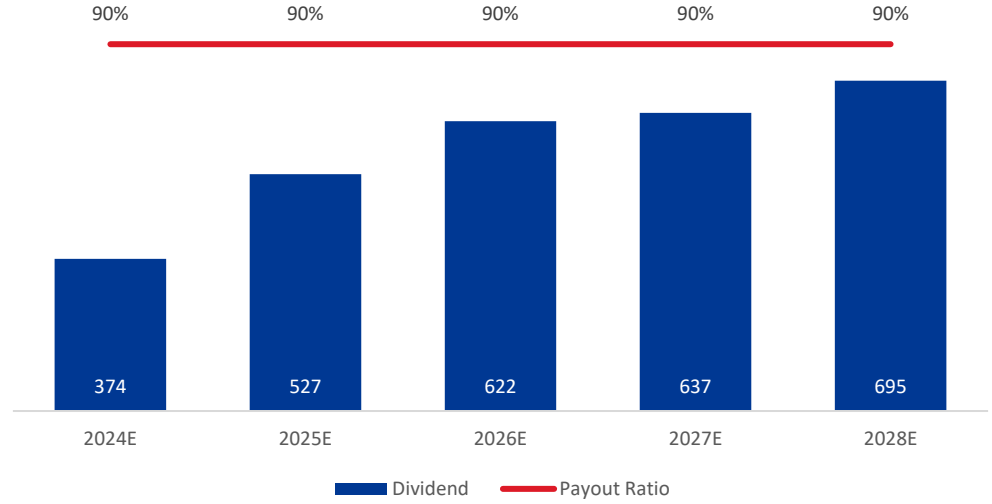
Dividend

Alef Education is expected to declare a cumulative dividend of AED 2,856 Mn during FY2024-28

Alef Education adopts a semi-annual dividend distribution policy. The company intends to distribute dividends semiannually, with the initial payment occurring in the first half of the year and the subsequent payment in the second half. The dividends are expected to be paid in cash. In addition, the Company intends to make a Target Minimum dividend payment to 'Free Float Investors' which are the holders of offer shares other than the selling shareholders. The Target Minimum Dividend paid to Free Float Investors is equivalent to AED 135 Mn each in FY2024 and FY2025 relating to the performance of the respective financial year. The Company further suggest if the actual dividends declared fall below the intended Target Minimum Dividend amount, then the Selling Shareholders may, subject to not breaching AAOIFI Shariah standards, forgo their rights to receive the dividends to the extent necessary to pay the intended Target Minimum Dividend Amount to all the shareholders. Alef Education intends to distribute 90% of its net profit as dividend in the FY2024 and FY2025. The dividend policy is subject to Company's availability of distributable reserves, future debt finance capacity, expected future profits and business plans, and subject to Board of Directors recommendation and shareholder's approval.

We expect Alef Education to declare a cumulative cash dividend of AED 2,856 Mn during FY2024-28 driven by healthy free cash flow generation with a dividend payout ratio of 90% of its net profit. It is expected to pay a cumulative dividend of AED 2,508 Mn during FY2024-28.

Figure 64: Dividend Declared (AED, Mn) and Payout Ratio



Source: Company Information, FAB Securities Research 2024-28

Financial Statements:

Income Statement, (AED, Mn)

	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E
Revenues	667	773	750	810	1,067	1,245	1,319	1,455
Expenses								
Salaries and other benefits	-121	-137	-128	-138	-181	-212	-224	-247
Technology expenses	-81	-83	-63	-67	-86	-97	-100	-108
Software licenses	-21	-23	-24	-24	-30	-33	-32	-32
Amortization for intangible assets	-27	-30	-31	-39	-52	-60	-76	-83
Legal and professional fees	-37	-42	-31	-34	-44	-50	-51	-55
Depreciation on property and equipment	-10	-9	-3	-3	-4	-5	-6	-7
Lease expenses	-4	-4	-4	-4	-4	-4	-4	-4
Marketing expenses	-6	-5	-8	-9	-12	-14	-15	-16
Others income/ (expense)	-4	-4	-4	-36	-12	-12	-33	-53
Total Expenses	-308	-336	-295	-353	-424	-485	-541	-606
Adjusted EBITDA^{1,2}	396	476	489	499	699	825	860	939
EBIT	359	437	455	457	643	760	778	849
Income from financial assets carried at FV	68	238	123					
Interest income from a related party	0	0	9					
Finance income								
Finance Cost								
Earning Before Tax	427	675	586	457	643	760	778	849
Income Tax Expense				-41	-58	-68	-70	-76
Net Profit/(Loss) for the Year	427	675	586	416	585	692	708	773
EPS³				0.06	0.08	0.10	0.10	0.11

Source: Company Information, FAB Securities Research (2024E-28E), ¹Adjusted EBITDA as reported from FY2021-23 and EBITDA from FY2024-28, ²Adjusted EBITDA = Net profit – interest income – Income from investments carried at FV through profit or loss + interest expense on lease liability + income tax expense + depreciation of PPE/ROU asset + amortization of intangibles, ³EPS for 2021, 2022 and 2023 is not calculated considering shares are issued in March 2024

Key Ratios:

	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E
YoY % Change								
Revenue	NA	15.8%	-3.0%	8.1%	31.8%	16.6%	6.0%	10.3%
Adjusted EBITDA	NA	20.3%	2.8%	2.0%	40.0%	18.0%	4.3%	9.2%
EBIT	NA	21.6%	4.1%	0.5%	40.8%	18.1%	2.4%	9.1%
Net profit	NA	58.0%	-13.1%	-29.1%	40.8%	18.1%	2.4%	9.1%
% Margin								
Adjusted EBITDA	59.3%	61.6%	65.3%	61.6%	65.5%	66.2%	65.2%	64.6%
EBIT	53.8%	56.6%	60.7%	56.4%	60.3%	61.0%	59.0%	58.3%
Net profit margin	64.0%	87.4%	78.2%	51.3%	54.9%	55.5%	53.7%	53.1%
Leverage								
Net Debt/EBITDA	-0.5	-0.4	-0.5	-1.0	-0.8	-0.8	-0.9	-0.9
Return ratios								
ROE	48.3%	43.3%	114.0%	56.0%	66.7%	69.5%	66.0%	65.5%
ROA	43.8%	40.8%	94.3%	49.0%	57.7%	59.8%	56.5%	56.0%
ROCE	40.3%	27.8%	86.2%	60.3%	71.8%	74.8%	71.0%	70.4%
Free Cash Flow								
Free cash flow (FCF) ^{1,2,3}	230	463	447	402	561	662	685	732
FCF conversion ³	58.1%	97.2%	91.4%	80.4%	80.2%	80.3%	79.7%	77.9%

Source: Company Information, FAB Securities Research (2024E-28E), ¹Free cashflow calculation for FY2021-23 – Adjusted EBITDA – Change in net working capital – capex, ²Free cash flow is calculated in the forecasted period as EBITDA – Change in Working Capital – Capex – Tax, ³FCF conversion is calculated based on FCF/Adjusted EBITDA.

Balance Sheet (AED, Mn)

	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E
Assets								
Property, Plant, and Equipment	11	5	3	4	5	6	8	9
Right-to-Use Assets	0	0	1	1	1	1	1	1
Intangible Assets	75	75	80	269	280	296	309	330
Trade and Other Receivables	10	11	12	3	5	6	6	8
Total non-current assets	96	90	95	276	290	308	323	348
Current Assets								
Inv carried at FV through P&L	270	869	0	0	0	0	0	0
Contract assets	0	0	0	0	0	0	0	0
Trade and other receivables	155	137	155	94	134	168	190	224
Amount due from related parties	250	387	110	0	0	0	0	0
Cash and Cash Equivalents	206	171	262	478	590	681	739	807
Total Current assets	880	1,565	527	572	725	849	929	1,031
Total assets	976	1,655	622	849	1,015	1,157	1,253	1,379
Equities and liabilities								
Equity								
Share Capital	0	0	0	70	70	70	70	70
Shareholders contribution	168	168	168	168	168	168	168	168
Other reserves	0	0	0	0	0	0	0	0
Retained earnings	717	1,393	347	506	640	757	836	942
Total equity	885	1,560	515	743	878	995	1,073	1,179
Liabilities								
Employee end of service benefits	6	11	13	14	17	20	23	26
Lease liabilities	0	0	0	0	0	0	0	0
Total non-current Liabilities	6	11	13	15	17	21	23	26
Current Liabilities								
Amount due to related parties	0	0	0	0	0	0	0	0
Trade and other payables	85	84	94	49	62	73	86	96
Lease Liability	0	0	0	0	0	0	0	0
Provision for taxation	0	0	0	41	58	68	70	76
Total current liabilities	85	84	94	91	120	142	156	173
Total Liabilities	91	95	107	105	137	162	179	199
Total equity and liabilities	976	1,655	622	849	1,015	1,157	1,253	1,379

Source: Company Information, FAB Securities Research (2024E-28E)

Cash Flow Statement (AED, Mn)

	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E
Cash flow from operating activities								
Profit for the year	427	675	586	416	585	692	708	773
Depreciation on Property, Plant and Equipment								
Depreciation on right of use asset	10	9	3	3	4	5	6	7
Amortization of intangible assets	1	0	0	0	0	0	0	0
Income from financial assets carried at fair value through P&L	27	30	31	39	52	60	76	83
Write-off intangible assets	-68	-238	-123	0	0	0	0	0
Provision for end-of-service benefits	1	0	0	0	0	0	0	0
Interest income from a related party	6	8	4	5	6	7	8	9
Taxes	0	0	-9	0	0	0	0	0
Cash Flow from Operating Activities Before Working Capital Adjustments	404	483	493	504	705	832	868	948
Contract assets	0	0	0	0	0	0	0	0
Amount due from related parties	-2	2	0	110	0	0	0	0
Trade and Other Receivables	-145	17	-20	70	-41	-35	-23	-34
Trade and Other Payables	-2	-4	6	-45	12	12	13	10
Cash Generated from Operations	255	498	480	639	676	808	858	924
Employees' end-of-service benefits paid	-5	-2	-3	-3	-4	-4	-5	-6
Taxes paid				0	-41	-58	-68	-70
Net Cash Inflows from Operating Activities	251	496	477	636	631	746	784	848
Cash Flows from Investing Activities								
Purchase of Property and Equipment	-1	-3	-1	-4	-5	-6	-8	-9
Purchase of financial assets carried at fair value through P&L	-374	-758	-62	0	0	0	0	0
Proceeds from disposal of financial assets carried at fair value through P&L	169	387	418	0	0	0	0	0
Dividend Income from financial assets carried at fair value through P&L	3	10	20	0	0	0	0	0
Amount due from related parties	-248	-139	281	0	0	0	0	0
Purchase of Intangible Assets	-17	-28	-32	-228	-63	-75	-89	-105
Proceeds from Disposal of Property and Equipment	0	0	0	0	0	0	0	0
Net Cash Outflow from Investing Activities	-468	-530	625	-232	-68	-81	-96	-113
Cash Flow from Financing Activities								
Interest income from a related party	0	0	5	0	0	0	0	0
Dividend paid through a related party	0	0	-1,018	0	0	0	0	0
Payment of principal portion of lease liabilities	-1	0	0	0	0	0	0	0
Dividend paid to shareholders	0	0	0	-187	-451	-575	-630	-666
Net Cash Inflow/ Outflow from Financing Activities	-1	0	-1,012	-187	-451	-575	-630	-666
Net Increase/(Decrease) in Cash and Cash Equivalents	-218	-34	90	216	113	90	58	68
Cash and Cash Equivalents at the Beginning of the Year	424	206	171	262	478	590	681	739
Cash and Cash Equivalents at the End of the Year	206	171	262	478	590	681	739	807

Source: Company Information, FAB Securities Research (2024E-28E)

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