

INITIATION

Taaleem Holdings (DFM: TAALEEM)

A sizeable investment now needs to deliver

RECOMMENDATION	SHARE PRICE	FAIR VALUE	UPSIDE	DIVIDEND YIELD	12-MONTH TSR
BUY	AED 3.24	AED 3.72	+14.8%	3.7%	+18.5%

INTENDED FOR US READERS ONLY

AED millions unless otherwise stated

Investment view

Taaleem is one of the UAE's leading private-school operators, with established campuses across Dubai and Abu Dhabi alongside newer schools that are still building enrolments. Its mature schools provide a base of earnings and cash flow, while recently opened campuses have considerable room to grow but must carry substantial staffing and operating costs in the meantime.

The investment required to expand the business has weighed on profitability and the balance sheet. Revenue rose to AED 1.31 billion in FY2026, but net profit fell to AED 127 million and net bank debt reached AED 1.24 billion. We expect earnings and cash generation to strengthen as enrolments increase and the current construction programme winds down. By FY2030, we forecast consolidated EBITDA of approximately AED 536 million, with net bank debt peaking at around AED 1.65 billion in FY2028 before declining to AED 1.39 billion in FY2030.

We initiate coverage with a Buy recommendation and a fair value of AED 3.72 per share. We believe the market is not yet fully recognising the earnings and cash flow that Taaleem's expanded school portfolio could generate as its newer campuses mature.

At a glance	FY2026A	FY2030E
Revenue, AED m	1,313	2,021
EBITDA, AED m	334	536
EBITDA margin	25.5%	26.5%
Net profit, AED m	127	245
Premium-school pupils	18,572	24,544
Cash capex, AED m	538	80
Net bank debt, AED m	1,239	1,394

FY2026 reported results; FY2030 Evermore estimates. Financial figures rounded; pupil counts are year-end figures.

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Company data

Exchange	DFM
Ticker	TAALEEM
Market cap (AED m)	3,236.5
Year-end shares (m)	998.916
Free float (%)	45.5%
52-week range (AED)	2.71–4.50

Company profile

Taaleem is a UAE education operator spanning premium K–12 schools, government-school partnerships and a 95% equity-accounted interest in Kids First Group.

At FY2026 year-end, its 14 premium campuses had 23,848 places and 18,572 pupils. KFG operated 36 nurseries in the UAE and Qatar.

Taaleem is also expanding its premium-school portfolio. Harrow International School Dubai opened for the 2026/27 academic year, with Harrow Abu Dhabi and Dubai British School Ghaf Woods scheduled to follow over the next two years. Together, these developments would bring the group's announced premium-school capacity to approximately 29,250 places.

Price versus fair value

20 OCT PRICE **AED 3.24**

EVERMORE FAIR VALUE **AED 3.72**

+14.8% to fair value | 3.7% dividend yield

Valuation assumes zero separate KFG net debt. Free float: vendor-defined; see sources.

Price: 20 October 2026 reference. Market cap: price × year-end shares excluding own shares. Dividend subject to approval.

01 The business

Three activities with different economics

Founded in 2003 and listed in Dubai in 2022, Taaleem has developed from a private-school operator into a group spanning premium K–12 education, government-school partnerships and nurseries. Its main business is the portfolio of fee-paying schools in Dubai and Abu Dhabi. At the end of FY2026, 14 premium campuses had 23,848 places and 18,572 pupils. These schools supplied 85% of consolidated operating revenue and almost all of group EBITDA. Harrow International School Dubai opened on 31 August 2026 but is excluded from the reported FY2026 premium-school operating KPIs.

The government-school operation is different. Taaleem manages three Dubai Schools under a tuition-based public-private partnership, while the Abu Dhabi Charter Schools operate under a management-fee arrangement with costs primarily borne by the relevant authority. The Ajyal programme was handed back at the end of AY2025/26 and should not be treated as an ongoing source of revenue. Government partnerships contributed AED 197 million of revenue in FY2026 but only AED 4 million of EBITDA.

The third business is Kids First Group (KFG), a premium nursery network in the UAE and Qatar. Taaleem acquired a 95% economic interest in June 2025. It owns the vast majority of the business, but joint-control rights mean KFG is accounted for using the equity method rather than consolidated line by line. Its nursery revenue and costs are therefore absent from Taaleem's reported school EBITDA. A share of KFG's earnings, adjusted for acquisition accounting, enters group net profit lower down the income statement. We value KFG separately.

Activity	FY2026 revenue	Operating economics
Premium schools	AED 1,115.5m	Fee-paying K–12; AED 330.2m EBITDA
Government partnerships	AED 197.4m	Dubai PPP tuition; Abu Dhabi management fees; AED 4.1m EBITDA
Kids First Group (95%)	AED 239.5m*	36 nurseries; equity-accounted, not consolidated in school revenue/EBITDA

Source: Taaleem Holdings. *KFG shown on a standalone 100% basis; excluded from consolidated group revenue.

Taaleem's established campuses provide a base of earnings and cash flow, while newer schools offer room for growth as enrolments build. Its range of curricula and fee levels also allows it to serve different families, although investment returns will vary considerably between schools, particularly while newer campuses are still filling places.

What Taaleem's schools actually offer

The Dubai British School brand forms an important part of the premium portfolio. Its schools generally follow the English National Curriculum, progressing to GCSEs and A levels, and cater largely to internationally mobile families. Taaleem also runs International Baccalaureate schools such as Greenfield International School, Uptown International School and Raha International School. LLFP Meydan provides a French-language offering, while the American Academy for Girls addresses a different curriculum and family preference. These are not merely variations of the same product. Parents weigh examination pathways, school culture, age groups, tuition fees and travel times when making a decision.

01 The business continued

The Harrow partnership introduces a still higher fee tier. Harrow Dubai began operating in AY2026/27 with roughly 400 pupils and planned capacity of approximately 1,800. Taaleem intends to open Harrow Abu Dhabi in AY2027/28 and Dubai British School Ghaf Woods in AY2028/29, each also with about 1,800 places. Together, they take announced premium-school capacity to approximately 29,250. Our forecast includes the announced development programme but no further unannounced campuses.

This range of schools makes portfolio averages useful but incomplete. A family looking for an IB school in Abu Dhabi is not necessarily a potential customer of a British school in Dubai. The prospects for each campus depend on its own location, competing schools, year groups and reputation. We have therefore built our premium-school forecast from individual campus enrolment assumptions rather than applying a sector growth rate to the whole business.

Spare capacity is unevenly distributed across Taaleem's portfolio. Several established campuses are effectively full, leaving newer schools and a handful of existing sites to drive much of the growth. The table below uses rounded FY2026 school-level occupancy disclosures; the reported 18,572-pupil total is the authoritative portfolio measure.

Premium campus	Places	FY2026 utilisation
DBS Jumeirah Park	1,840	~100%
DBS Jumeirah Park Foundation	308	~100%
DBS Emirates Hills	1,168	94%
DBS Islands	418	99%
DBS Jumeira	1,852	46%
DBS Mira	1,856	38%
Jebel Ali School	2,086	~100%
Greenfield International	2,136	92%
Uptown International	2,150	72%
Jumeira Baccalaureate	1,730	95%
Raha Gardens	2,244	99%
Raha Khalifa City	3,040	65%
LLFP Meydan	2,070	66%
American Academy for Girls	950	59%
TOTAL	23,848	77.9%

Source: Taaleem Holdings. Campus utilisation rounded from school profiles; total is the reported FY2026 group KPI.

01 The business continued

The cost of an empty classroom

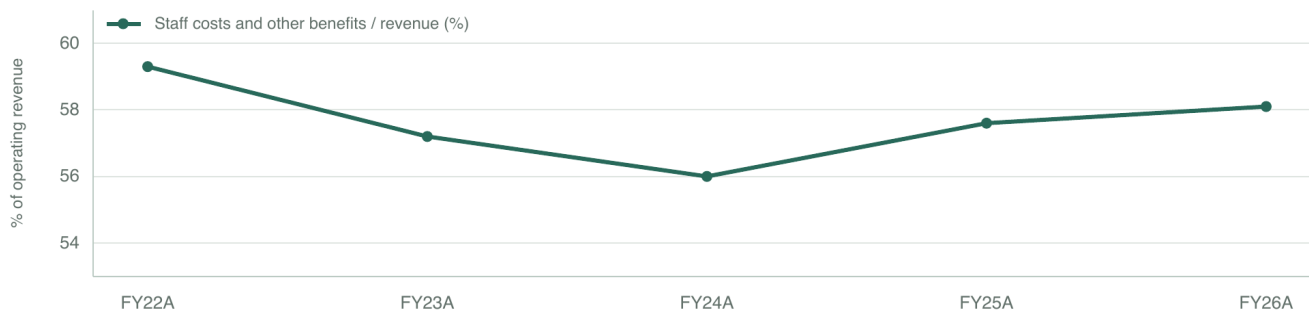
School earnings typically improve with enrolment, but that relationship is not linear. A new campus needs a principal, administration, teaching staff, security, transport coordination and maintenance before it welcomes its first pupil. Buildings also bring depreciation and financing costs that start long before the campus reaches mature occupancy.

Once those fixed costs are in place, admitting another pupil into an existing class can be profitable. There is tuition revenue but little additional classroom expense. Yet there are limits. If a class is full, new demand may require another teacher and teaching assistant. As pupils move into higher grades, a school may need specialist teachers, laboratories or examination provision. A school's eventual capacity is therefore different from the number of pupils it can educate economically in a given year.

Consider DBS Mira. It enrolled 696 pupils in FY2026, its inaugural year, against 1,856 reported places. Management subsequently disclosed approximately 1,260 registrations for AY2026/27. That is encouraging growth with no need for another school building, but it is not costless growth: more children and year groups still require faculty and support. The question is whether the incremental fee income exceeds the accompanying expense by enough to generate an acceptable return on the original investment.

Taaleem's staff-cost history is a useful control. Consolidated staff costs represented 59.3% of revenue in FY2022, 57.2% in FY2023, 56.0% in FY2024, 57.6% in FY2025 and 58.1% in FY2026. There has been relatively little movement despite rapid growth. It would be optimistic to forecast a dramatic reduction simply because new schools fill. Equally, it would be unduly pessimistic to assume that every new pupil requires a proportionate increase in the existing workforce. Our model allows for both the staff already in place and further recruitment as year groups are introduced.

Staff costs and other benefits remain close to 58% of revenue



Source: Taaleem audited statements FY2022–FY2026. Consolidated staff costs and other benefits divided by operating revenue; restated comparatives where applicable.

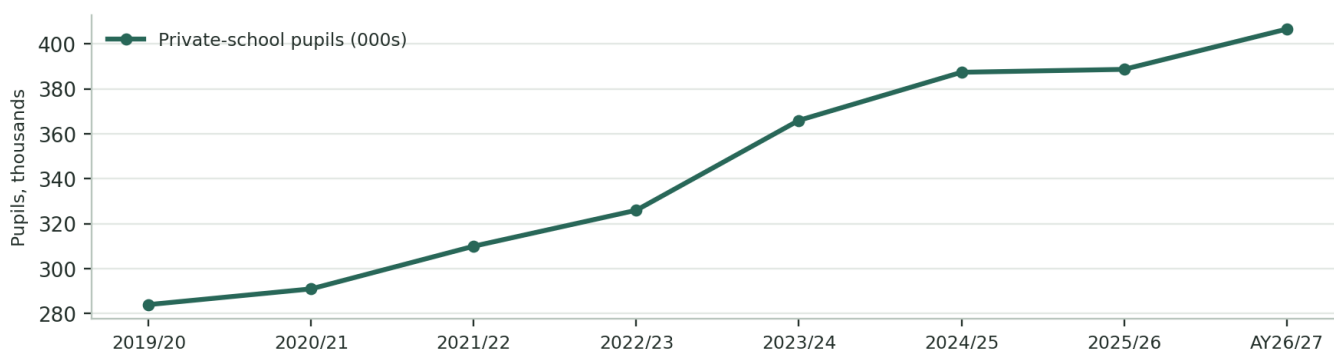
02 The UAE private-school market

A growing market, but a highly local one

Dubai has become an important market for international education because of its expatriate population and its role as a regional business and residential centre. For many expatriate households, a private school offering a familiar international curriculum is a practical necessity rather than a luxury. Families moving to the UAE need places for children of different ages; those already resident often prefer continuity once their children have settled into a school.

The longer-term trend is clear in official data. Dubai's Knowledge and Human Development Authority (KHDA) reported 387,441 students at 227 private schools for AY2024/25, an increase of 6% on the preceding academic year. Management's October 2026 presentation cites KHDA data indicating around 406,563 pupils at the opening of AY2026/27, 4.6% above the June 2026 level. Although the figures cover different observation periods, they point to continued growth in Dubai's private-school market.

Dubai private-school student numbers



Source: KHDA; Taaleem Holdings. Academic-year and opening-date observations illustrate the trend and are not a strictly consistent census series.

Large headline numbers do not remove the local risks. A school in an established Dubai neighbourhood may be effectively full while a new campus a few kilometres away has hundreds of unused places. For a parent, the relevant variables are location, age and year-group availability, fees, curriculum, reputation and the practical daily commute. Sector growth helps Taaleem, but the geographic concentration of demand determines whether it can fill the capacity it has built.

The market is also adding supply. KHDA announced seven new schools for AY2026/27, representing nearly 17,000 additional seats. That reinforces confidence in demand but creates competition, particularly for campuses recruiting pupils in developing residential districts. A new entrant may discount fees, offer founding-family benefits or invest heavily in marketing to build its early cohorts. It would be unwise to assume a strong population backdrop guarantees immediate high occupancy for Taaleem's newer sites.

02 The UAE private-school market continued

Curriculum and fee bands matter more than headline market share

Dubai's private-school market offers 17 different curricula. In KHDA's AY2024/25 census, UK schools represented 37% of pupils, Indian-curriculum schools 26%, US schools 14%, IB schools 7%, and combined UK/IB another 4%. The mix helps explain why a large operator can have meaningful exposure to private education without serving the whole market. Taaleem's main premium brands compete in international-curriculum segments rather than the lower-fee, higher-volume Indian curriculum.

Tuition fees differ materially across schools and grades. As an illustration of local pricing, Noya British School publishes AY2026/27 fees of approximately AED 32,000–47,000, while International Schools Database reports AED 71,500–105,980 for Cranleigh Abu Dhabi. These are separate sources, rather than a direct fee comparison with Taaleem. Families at those two schools are buying broadly similar stages of education, but from very different locations, facilities and fee tiers. The same segmentation applies to Taaleem, particularly as Harrow joins its established premium portfolio.

For the investor, there are two implications. First, pupil numbers alone are not revenue: the fee level and age mix of the additional pupils matter. Secondly, entering a high-fee segment does not guarantee high returns. The capital cost of a campus, the ratio of staff to pupils and the time taken to fill it may more than offset higher tuition in its early years.

Regulation, educational quality and competition

Private-school regulation is central to UAE education economics. KHDA oversees Dubai schools, including quality inspections, approvals and tuition adjustments. Abu Dhabi schools fall under the Department of Education and Knowledge (ADEK). Inspection results matter to parents and can affect a school's ability to attract pupils, while price regulation constrains how quickly an operator can pass on cost inflation.

For AY2026/27, KHDA confirmed that private-school fees in Dubai would not increase. This matters to Taaleem because salaries, accommodation and other costs can continue to rise even when published tuition prices are frozen. Average revenue per pupil can still increase as children progress into more expensive year groups, or as discounts and ancillary income change, but that is different from being free to raise every fee in line with inflation.

The competitive field includes the large GEMS Education network, Aldar Education in Abu Dhabi, international school groups such as Nord Anglia and Bloom Education, and many independent schools. Taaleem is not trying to undercut all of these operators on price. Its proposition rests on established brands, curriculum breadth, teaching outcomes and convenient catchment areas. Those advantages are valuable only if maintained: parents can move schools when ratings deteriorate, fees become uncompetitive or teachers leave.

Mordor Intelligence estimates that the UAE private K–12 education market was worth US\$10.34 billion in 2025 and forecasts growth to US\$19.02 billion by 2031, representing annual growth of 10.69% from its 2026 estimate.

03 The investment case

The difficult part of the cycle is visible in the accounts

Taaleem has not struggled to grow sales. Operating revenue rose 15.6% to AED 1.31 billion in FY2026. Premium-school pupils increased 11.1% and average gross tuition rose 3.7%. Yet EBITDA increased just 5.2% to AED 334 million and the group margin fell to 25.5% from 28.0%. Net profit declined 22% to AED 127 million. These numbers show the costs of opening and staffing new schools, along with more depreciation and interest from the investment programme.

Taaleem's investment programme remained substantial in FY2026, with capital additions of AED 614 million, including AED 584 million of expansionary investment. Net cash capital expenditure was lower at approximately AED 538 million, reflecting the timing of payments and movements in capital advances.

Debt has moved in the same direction. Net bank debt rose to AED 1.24 billion at August 2026 and the company's disclosed lease-adjusted net debt/EBITDA ratio reached 3.75x. That remained within the reported maximum of 4.5x, but it leaves less room for a prolonged slowdown or additional debt-funded construction than Taaleem enjoyed before the expansion.

FY2026	Reported amount	Investment implication
Operating revenue	AED 1,312.9m	+15.6% year on year
EBITDA	AED 334.3m	Only +5.2%; margin declined to 25.5%
Net profit	AED 127.2m	-22.0%; finance and depreciation pressure
Capex additions	AED 614.3m	AED 584.4m classified as expansionary
Cash capex	~AED 538m	Cash outflow differs from accounting additions
Net bank debt	AED 1,239m	Lease-adjusted leverage 3.75x

Source: Taaleem Holdings FY2026 audited accounts and October results presentation.

The opportunity is that the same school buildings should generate more revenue as they become established. A campus already built does not require another full construction budget to move from 50% to 75% utilisation. If admissions continue, management can spread school leadership, property and administration costs across more pupils, provided additional teaching staff are recruited sensibly. Meanwhile, finishing Harrow Abu Dhabi and DBS Ghaf Woods should allow construction spending to moderate from recent levels.

This is therefore primarily an investment-cycle thesis, not a prediction that Taaleem will keep announcing new schools. We expect the capital already committed to start earning its keep. Continued additions to the pipeline might be attractive in the long run, but in the near term we would favour completing current projects and using the ensuing cash flow to repair the balance sheet.

The schools carrying most of the near-term opportunity

The largest source of unused space in the established premium estate is concentrated in DBS Mira, DBS Jumeira and Raha International School Khalifa City. Together they accounted for approximately 3,215 of the 5,276 vacant premium places disclosed at FY2026 year-end. That concentration is helpful analytically: rather than needing every school to grow unusually fast, Taaleem needs a relatively small number of major campuses to keep building admissions.

03 The investment case continued

DBS Mira offers clear evidence of that process. Enrolment increased from 696 pupils in FY2026 to around 1,260 for the new academic year. DBS Jumeira increased from 848 to approximately 1,020, while Raha Khalifa City moved from 1,989 to around 2,100. The campuses remain at different stages of maturity. DBS Mira is still in its early ramp. DBS Jumeira needs to establish and fill further year groups, while Raha Khalifa City depends on continued demand to improve utilisation at a more mature campus.

School	FY26 pupils	AY26/27 reported	FY30E	Current places
DBS Mira	696	~1,260	1,760	1,856
DBS Jumeira	848	~1,020	1,675	1,852
Raha Khalifa City	1,989	~2,100	2,750	3,040
Harrow Dubai	Not FY26	~400	1,050	1,800

Source: Taaleem Holdings; Evermore Research estimates. Registrations are academic-year opening indicators, not full-year average pupils. FY2030 figures are estimates.

Recent admissions at Mira have been encouraging, while Jumeira and Raha still require several years of steady growth. At the portfolio level, we forecast 24,544 premium pupils by FY2030, representing approximately 84% of announced capacity of 29,250 places. Within that total, the original 14 campuses are expected to accommodate 22,244 pupils, equivalent to 93.3% utilisation compared with 77.9% in FY2026. This is a demanding assumption for the existing portfolio, while the three newer campuses would still be at relatively early stages of maturity.

Academic-year registrations should not be confused with average financial-year enrolment. Revenue is recognised across the academic year and may reflect pupil movements. Harrow Dubai's first-year revenue, for example, allows for the timing and mix of enrolments rather than applying the highest published tuition fee to all 400 opening pupils.

Why earnings should improve, but not at any cost

We forecast premium-school revenue increasing from AED 1.12 billion in FY2026 to approximately AED 1.68 billion by FY2030. Earnings growth depends on stronger enrolment and on revenues outpacing the associated staffing and operating costs. Harrow and DBS Ghaf Woods will still be relatively immature in FY2030, limiting the initial contribution from the expanded estate.

There is a second driver in the government partnerships. Dubai Schools had only 4,509 pupils in 9,732 places at FY2026 year-end and management subsequently indicated more than 6,000 registrations for AY2026/27. Our projections allow enrolment to approach 8,500 by FY2030, with government-segment revenue increasing from AED 197 million to approximately AED 342 million. The economics should improve as the campuses fill, but recruiting additional teachers and opening new year groups also incur costs. We have allowed for that in our consolidated profitability forecast rather than assuming that every new pupil makes an unusually high incremental contribution.

AEDm	FY26A	FY27E	FY28E	FY29E	FY30E
Premium revenue	1,116	1,241	1,374	1,536	1,680
Government revenue	197	240	276	312	342
Total K–12 revenue	1,313	1,481	1,649	1,848	2,021
Consolidated EBITDA	334	361	402	471	536

Source: Taaleem Holdings; Evermore Research estimates. FY2026 reported; future periods estimated. KFG excluded.

Taaleem is not being valued on a sudden reduction in teacher costs, and the fee freeze prevents us from relying on immediate general tuition increases. The larger assumption is that pupils continue filling available classrooms faster than the associated cost base grows. If that occurs, the profit recovery should become visible in reported results well before all of the newly opened schools are full.

04 Kids First Group

A nursery business that still needs to prove its cash returns

Taaleem's acquisition of Kids First Group added an established network of nurseries in the UAE and Qatar. It broadened the group's position in education to include younger children and may offer opportunities for families to progress into Taaleem schools as their children grow. But nursery economics differ from those of a full K–12 campus. The customer stays for fewer years, fee payments are more sensitive to attendance and temporary disruption, and a predominantly leased portfolio requires regular fit-out and refurbishment spending.

At August 2026, KFG operated 36 nurseries with 6,397 places and average enrolment of 4,642 children, representing 72.6% utilisation. That compares with 83.0% in FY2025. Regional disruption affected nursery attendance and earnings in FY2026, but subsequent registrations provide encouraging evidence of recovery: management reported more than 4,600 registrations in October. It has also announced seven further nursery openings, adding approximately 1,300 places by mid-2027. The expanded estate should have close to 7,700 places.

KFG's audited standalone revenue was AED 239.5 million in FY2026, with EBITDA of approximately AED 54.2 million. Depreciation and amortisation of AED 38.9 million and finance costs of AED 12.2 million left net profit of just AED 3.1 million. Taaleem's equity-accounted contribution was a loss of AED 4.3 million after acquisition-related adjustments.

These results fall well short of the profitability Taaleem anticipated when it acquired KFG. Although regional disruption affected trading in FY2026, a recovery in enrolments alone will not be enough. The business needs to demonstrate that it can translate higher occupancy into stronger earnings and sustainable cash flow after rent and reinvestment.

Our forecasts assume average enrolment rises to 6,150 by FY2030 and 6,800 by FY2032 as existing and announced nurseries mature. That would represent around 88% utilisation of the announced 7,697 places by FY2032. Revenue per child increases gradually, and the EBITDA margin recovers to 30.5% by FY2032. This is a significant improvement on FY2026's disrupted margin of 22.6%, but it remains well below the absolute EBITDA levels contemplated in historical management forecasts. We have not incorporated an additional network of unannounced nurseries.

We value Taaleem's 95% interest in KFG at AED 354 million. Our forecasts allow for a gradual recovery in nursery enrolments and profitability, incorporating the seven announced openings but also recurring rent and refurbishment expenditure. We have not attributed additional value to a larger, unannounced expansion programme. The loan used to acquire KFG is included in Taaleem's group net bank debt elsewhere in the valuation.

The distinction between EBITDA and cash flow is particularly important for nurseries. KFG leases its properties, so cash rent is a recurring cost that is largely excluded from IFRS 16 EBITDA. We forecast annual cash leases increasing from AED 39 million in FY2027 to AED 54 million by FY2032, alongside maintenance and nursery fit-outs. The cash-rent and fit-out estimates are Evermore assumptions rather than separately published standalone company cash-flow data. We therefore value KFG using cash flows after rent and reinvestment, rather than relying on an EBITDA multiple.

04 Kids First Group continued

KFG: 100% standalone basis	FY2026A	FY2028E	FY2030E	FY2032E
Average children	4,642	5,350	6,150	6,800
Revenue (AEDm)	239.5	290.5	354.9	416.2
EBITDA (AEDm)	54.2	75.5	101.1	126.9
EBITDA margin	22.6%	26.0%	28.5%	30.5%
Net profit (AEDm)	3.1	12.3	30.2	49.1

Source: Taaleem Holdings; Evermore Research estimates. FY2026 reported; future periods estimated. KFG shown on a 100% standalone basis.

We value KFG using a discounted cash flow model, applying an 11% discount rate and 2% perpetual growth rate. Our forecasts allow for recurring lease payments, capital expenditure and tax, with free cash flow reaching approximately AED 48 million in FY2032. For the terminal valuation, we adopt a slightly more conservative annual cash flow assumption of AED 46.7 million, reflecting higher ongoing capital expenditure. This produces a standalone valuation of approximately AED 372 million, of which Taaleem's 95% interest is worth AED 354 million.

KFG cash-flow value (AEDm)	Evermore estimate
PV of FY2027–FY2032 cash flows	94.6
PV of terminal cash flows	277.7
100% operating value before funded net debt	372.2
Taaleem attributable interest (95%)	353.6

Source: Evermore Research estimates; 18 October 2026 valuation reconciliation. Totals use unrounded inputs. Attributable value assumes no separately funded KFG net debt.

Our valuation assumes KFG has no separate net bank debt, although its borrowing and cash balances are not publicly disclosed. Taaleem's FY2026 accounts note an AED 50 million corporate guarantee supporting KFG's banking facilities, but this does not establish how much has actually been borrowed. Any net debt held by KFG would reduce the value of Taaleem's interest, with every AED 50 million lowering our group fair value by approximately AED 0.05 per share. The AED 730 million loan used to acquire KFG is already included in Taaleem's group net debt.

Taaleem paid AED 921 million for its 95% stake in KFG, which it carried at approximately AED 910 million at FY2026 year-end. Management's impairment assessment, based on a five-year business plan, a 10.1% discount rate and 2% terminal growth, supported that carrying value. However, the underlying cash flow forecasts have not been disclosed, and our own assumptions produce a considerably lower valuation of AED 354 million.

The difference leaves significant potential upside if enrolments and profitability recover more strongly than we expect. Valuing Taaleem's stake at AED 500 million would lift our group fair value to approximately AED 3.87 per share, while AED 700 million would imply AED 4.07. At KFG's audited carrying value of AED 910 million, our fair value would rise to approximately AED 4.28 per share. Importantly, our Buy recommendation does not depend on KFG delivering this upside.

There are risks in the other direction. Slower admissions or higher rent, staffing and fit-out costs could materially reduce KFG's value. Our downside scenario puts Taaleem's interest at approximately AED 127 million, while a stronger recovery within the announced nursery portfolio could support a valuation of AED 542 million. We retain AED 354 million as our central estimate, with no allowance for further, unannounced expansion.

05 Financial outlook

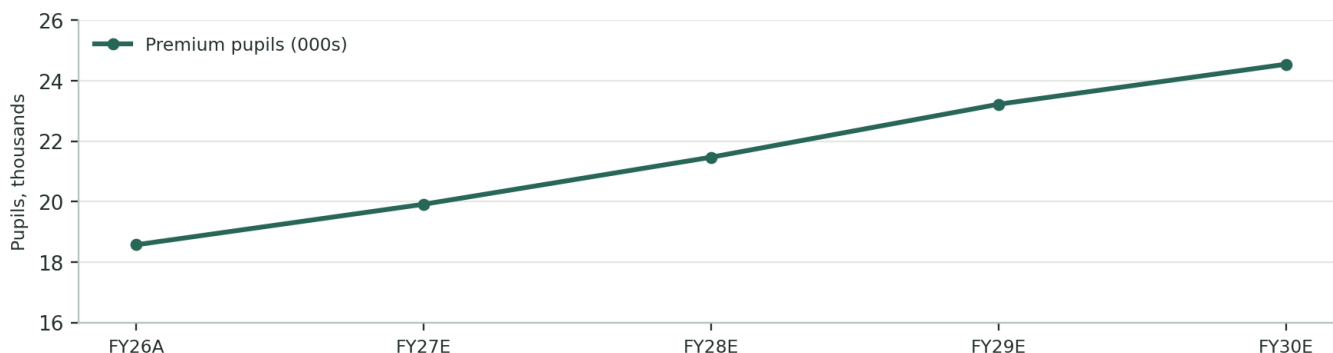
School enrolment and revenue outlook

Our forecasts distinguish between the 14 campuses included in Taaleem's FY2026 operating KPIs and the three newer developments: Harrow Dubai, Harrow Abu Dhabi and DBS Ghaf Woods. This allows us to account for differences in starting occupancy, enrolment growth and tuition fees. By FY2030, we forecast approximately 24,544 premium-school pupils, up from 18,572 in FY2026. The original 14 campuses are expected to account for 22,244 pupils, with the remaining 2,300 attending the three newer schools.

Our FY2030 forecast requires a substantial improvement in utilisation across the existing portfolio. The original 14 campuses are expected to reach 93.3% occupancy, up from 77.9% in FY2026. With established schools such as Jebel Ali and Dubai British School Jumeirah Park already operating close to capacity, much of this growth will need to come from campuses such as DBS Mira, DBS Jumeira and Raha Khalifa City. Meanwhile, the three newer schools are expected to fill more gradually, leaving utilisation across the expanded portfolio at approximately 84%.

How these additional pupils translate into revenue will depend partly on which schools and year groups they enter. Tuition fees vary across campuses and generally increase as pupils progress through their education, meaning average revenue per pupil can improve even when general fee increases are restricted. Our forecasts therefore reflect differences in enrolment and fee mix, while also recognising that registrations at the beginning of an academic year do not necessarily translate into the same average pupil numbers throughout the financial year.

Premium-school enrolment trajectory



Source: Taaleem Holdings; Evermore Research estimates. FY2026 reported; future pupil counts are year-end/academic-year estimates, not management guidance.

Costs and operating margins

For FY2027 we forecast consolidated school revenue of AED 1.48 billion and EBITDA of approximately AED 361 million. By FY2030 those figures reach AED 2.02 billion and AED 536 million respectively, with the group EBITDA margin improving from 25.5% in FY2026 to 26.5%. Much of the margin recovery comes later in the forecast as the schools opened during the investment phase move toward a sustainable number of pupils. Our premium-school margin assumptions remain broadly consistent with historical experience.

There is nevertheless greater uncertainty around government-school profitability than the established premium schools. Dubai Schools enrolment has increased strongly, but it is not possible to determine the incremental cost of admitting those pupils from the contract-level information publicly available. Our consolidated forecast allows for improved efficiency as utilisation rises while recognising that staffing costs will also increase.

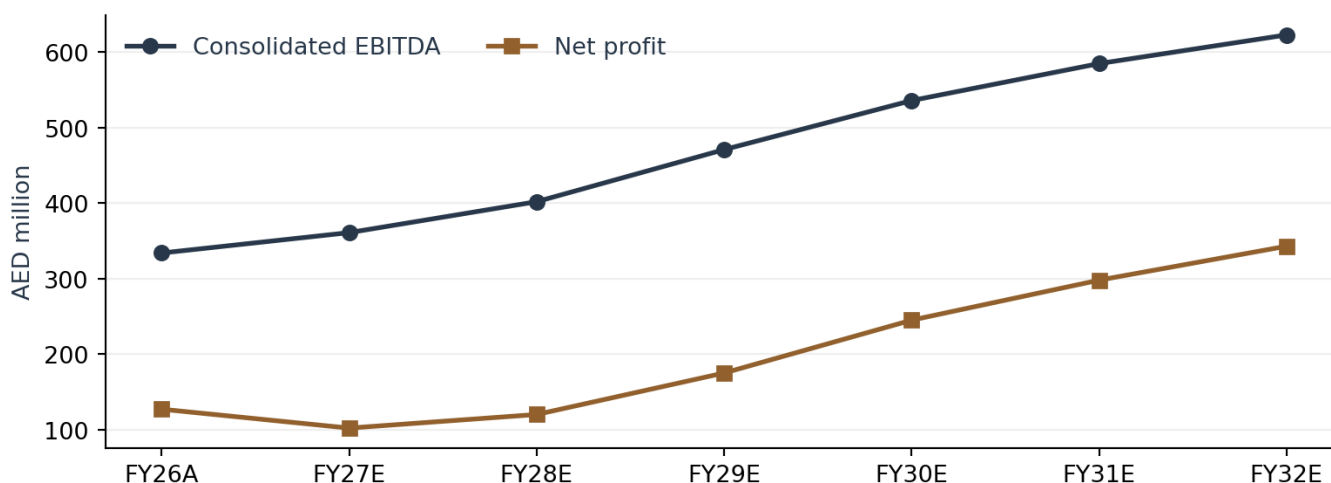
05 Financial outlook continued

The net profit recovery is more uneven than the EBITDA trend. We expect FY2027 group net profit of approximately AED 102 million and FY2028 profit of AED 120 million, both below FY2026, because depreciation and finance costs remain elevated while the development programme continues. The benefit accumulates later: our FY2030 estimate is approximately AED 245 million and FY2032 reaches AED 343 million. KFG's equity-accounted earnings contribution also improves over the period, although no cash distribution from the nursery business is assumed in the debt bridge.

AEDm	FY26A	FY27E	FY28E	FY29E	FY30E	FY32E
Revenue	1,313	1,481	1,649	1,848	2,021	2,283
EBITDA	334	361	402	471	536	623
EBITDA margin	25.5%	24.4%	24.4%	25.5%	26.5%	27.3%
Net profit	127	102	120	175	245	343
EPS (AED)	0.127	0.102	0.120	0.176	0.245	0.344
KFG earnings impact	-4	-2	4	12	21	39

Source: Taaleem Holdings; Evermore Research estimates as of 17 October 2026. FY2026 reported; future periods estimated. Figures rounded.

Earnings improve as campuses mature



Source: Taaleem Holdings; Evermore Research estimates as of 17 October 2026. FY2026 reported; future periods estimated.

Staffing and financing assumptions

Staffing will remain a major determinant of profitability. Higher enrolments should allow Taaleem to spread some existing costs across more pupils, but additional teachers and support staff will be needed as new classes and year groups open. Our forecasts reflect the group's historical staff-cost ratios and assume UAE wage inflation gradually easing from 4.0% in 2027 to 3.6% by 2030.

Financing costs will also influence the pace of the earnings recovery. Most of Taaleem's borrowings carry floating interest rates, and our forecasts assume three-month EIBOR declines from an average of 4.57% in FY2027 to 4.08% by FY2030, plus applicable bank margins. While lower interest rates should provide some relief, we expect debt reduction as construction spending eases to be the more important driver of lower financing costs.

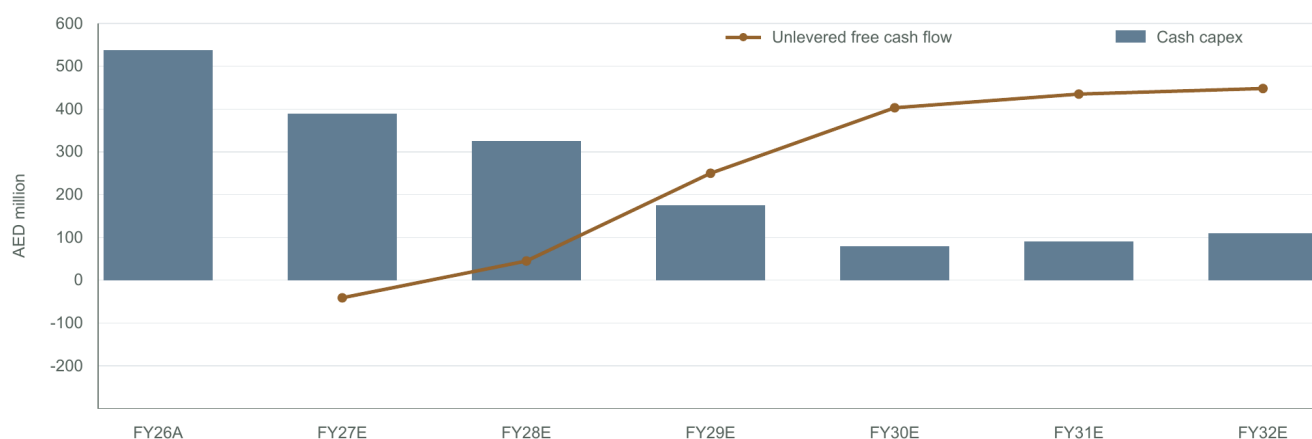
06 Cash flow and the balance sheet

Construction spending is expected to fall sharply

Taaleem has continued generating operating cash flow, but much of that cash has been absorbed by construction spending. As the current development programme comes to an end, we expect substantially more cash to become available for interest payments, dividends and debt reduction. The figures below show unlevered free cash flow from the K–12 schools after unlevered tax, working capital, cash capital expenditure and cash lease payments, but before bank interest and dividends. KFG is excluded.

We forecast cash capex of AED 390 million in FY2027, AED 325 million in FY2028, AED 175 million in FY2029 and AED 80 million in FY2030. These are estimates of cash paid, not additions to property and equipment. They assume that Harrow Abu Dhabi and DBS Ghaf Woods complete on the announced timetable and that no further major campus is approved in the period. A fresh building programme would change the forecast, potentially materially.

Cash generation strengthens as construction spending falls



Source: Taaleem Holdings; Evermore Research estimates. FY2026 cash capex is reported; unlevered FCF is shown from FY2027 and represents Evermore estimates. Figures exclude KFG.

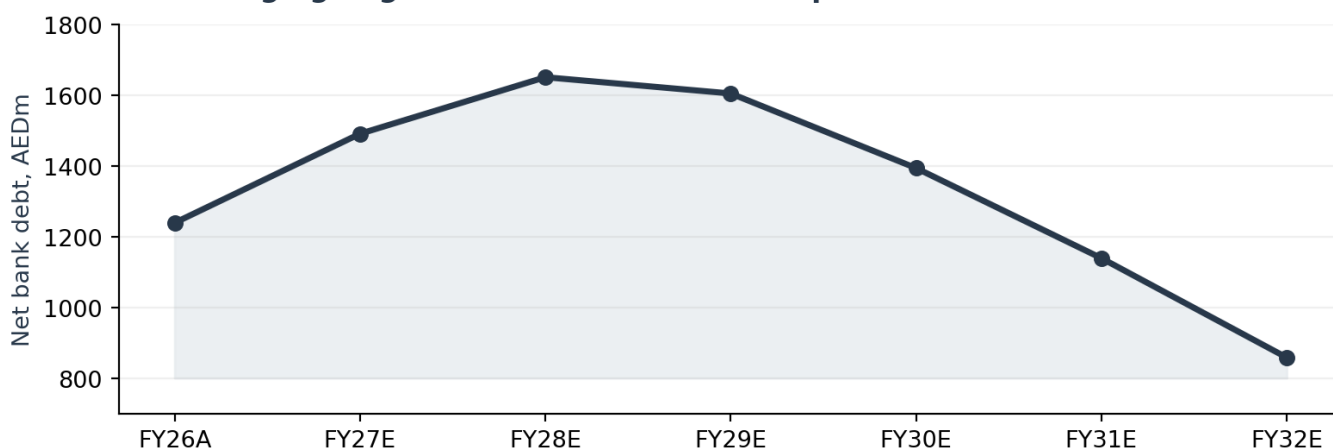
As construction spending eases and earnings improve, we expect Taaleem's cash generation to strengthen considerably. Following an estimated AED 41 million outflow in FY2027, unlevered free cash flow is forecast to turn positive at AED 45 million in FY2028, before increasing to AED 250 million in FY2029 and AED 403 million in FY2030. Although these figures are before bank interest and dividends, the improvement should give Taaleem greater scope to reduce debt as its newer schools mature.

06 Cash flow and the balance sheet continued

Deleveraging is the second half of the proposition

The company is unlikely to deleverage immediately. Our debt bridge projects net bank debt rising from AED 1.24 billion at August 2026 to approximately AED 1.65 billion by FY2028, before declining to AED 1.39 billion in FY2030 and AED 858 million in FY2032. This is not a straightforward earnings-growth story: cash released from lower construction spending must first cover interest, recurring school investment and dividends. It will take time before the benefit is visible in debt balances.

Deleveraging begins after the construction peak



Source: Evermore Research estimates. Bank net debt includes cash dividends and assumes refinancing on acceptable terms. Not a contractual covenant ratio.

With debt remaining elevated and two major campuses still under development, we expect Taaleem to take a cautious approach to dividends. The board has proposed a dividend of AED 0.12 per share for FY2026, subject to shareholder approval, which would result in approximately AED 120 million being paid in FY2027. Thereafter, we forecast annual distributions of AED 100 million as the group prioritises completing its investment programme and reducing debt. If cash generation improves as expected, Taaleem should have greater flexibility to increase dividends later in the decade.

Managing upcoming debt maturities will also be important. Taaleem's AED 730 million facility used to finance the KFG acquisition falls due in August 2030, alongside other borrowings that will need to be repaid or refinanced. Our forecasts assume the group can manage these obligations without having to raise additional equity or sell assets, making stronger cash generation and continued access to financing important to the investment case.

At FY2026 year-end, Taaleem reported lease-adjusted net debt/EBITDA of 3.75x, against a maximum covenant of 4.5x. Our forecasts indicate that bank net debt could reach approximately 4.1 times school EBITDA during FY2027 and FY2028, although this is calculated differently from the company's contractual covenant. With leverage expected to remain elevated during the final construction years, any significant shortfall in enrolments or earnings could put additional pressure on the balance sheet. Refinancing terms and covenant headroom will therefore be important considerations as the investment programme draws to a close.

07 Return on capital

Net profit growth is not enough to prove that the expansion has created value. A school can eventually produce more earnings and still be a disappointing investment if the construction and acquisition costs were excessive. We need the returns generated by the larger asset base to catch up with the capital spent.

Management reports FY2026 return on invested capital of 5.4%, down from 6.7% in FY2025, excluding the effect of IFRS 16 in its calculation. Our DCF uses an 8.64% blended cost of capital. The two metrics are not measured on perfectly comparable bases, particularly because of lease and joint-venture accounting, but the comparison makes the underlying point: current returns have yet to reflect the investment made. The company must earn materially more from its expanded estate for the investment programme to justify its cost.

Reference measure	Result	Interpretation
FY2025 management ROIC	6.7%	Company-defined, IFRS 16 excluded
FY2026 management ROIC	5.4%	Current return reflects immature investment
Core-school WACC assumption	8.64%	Analyst funding and risk assumptions
FY2026 school EBIT	AED 211m	Revenue-producing estate pre-finance
FY2030E school EBIT	AED 365m	Forecast recovery on larger estate

Source: Taaleem Holdings; Evermore Research estimates. ROIC and WACC use different capital and lease definitions and are not directly comparable.

The challenge for Taaleem is now to generate stronger returns from the capital it has already invested. Almost AED 584 million of capital additions in FY2026 were expansionary, increasing the amount of investment that needs to earn an acceptable return. At our estimated 8.64% cost of capital, every AED 100 million invested would ultimately need to generate approximately AED 8.6 million in annual after-tax operating profit to cover that cost. This puts the focus on increasing occupancy at newer campuses, improving profitability per pupil and bringing construction spending back to more sustainable levels.

We forecast school EBIT increasing from approximately AED 211 million in FY2026 to AED 365 million by FY2030. That would represent meaningful progress, but the real test will be whether Taaleem can deliver this earnings growth without another substantial increase in the capital invested in the business.

08 Valuation

A discounted cash flow suits this point in the cycle

Taaleem's near-term earnings are being weighed down by depreciation, interest costs and the expense of opening new schools, making conventional price-to-earnings multiples a less reliable guide to value. At AED 3.24, the shares trade at approximately 32 times our FY2027 earnings forecast and 27 times FY2028. However, this falls to around 13 times FY2030 earnings if the expected recovery materialises, reflecting the potential for profitability to improve as the newer schools mature.

We therefore place greater weight on discounted cash flow when valuing Taaleem. Our forecasts cover the K–12 school operations through FY2032, followed by a terminal value that reflects their longer-term earnings potential. We then add the separately assessed value of Taaleem's 95% interest in KFG and deduct the group's net bank debt and net contractual option liability. This produces our fair value of AED 3.72 per share, which also serves as the reference for our 12-month price target.

Our school cash-flow forecasts account for operating profit after tax, working capital requirements, capital expenditure and lease payments, while adding back non-cash depreciation and amortisation. Importantly, because cash lease payments are already deducted, we do not subtract the corresponding lease liabilities again when calculating equity value. Bank interest is also excluded from these cash flows, with financing reflected through our discount rate and net bank debt.

AEDm	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E
EBITDA	361	402	471	536	585	623
EBIT	226	254	312	365	401	427
Unlevered cash tax	(20)	(23)	(28)	(33)	(36)	(38)
Add D&A	135	148	159	171	184	196
Working-capital inflow	40	25	20	20	18	17
Cash capex	(390)	(325)	(175)	(80)	(90)	(110)
Cash lease payments	(32)	(35)	(38)	(40)	(42)	(44)
Unlevered FCF	(41)	45	250	403	435	448

Source: Evermore Research estimates. Figures rounded; totals use unrounded inputs. DCF excludes KFG and bank interest; tax is 9% of positive EBIT.

We discount school cash flows at an 8.64% WACC, based on a 9.94% cost of equity, 5.61% after-tax debt cost and a 70:30 equity/debt funding mix. The risk-free rate is approximately 5.09%, with equity market, UAE country and size/liquidity risk allowances. We use 2.0% perpetual growth.

Sustainable capital expenditure matters more than the next dividend

We expect Taaleem's capital expenditure to fall considerably as its current school construction programme comes to an end, reaching approximately AED 80 million in FY2030. However, ongoing investment will still be required to maintain and improve the expanded school portfolio, alongside some spending to support future growth. We therefore assume normalised annual capital expenditure of AED 180 million in our long-term valuation, equivalent to approximately AED 6,150 per place across the group's announced capacity of 29,250 school places.

Our discounted cash flow model values Taaleem's K–12 operations at approximately AED 4.60 billion, with around 77% of that value coming from cash flows beyond FY2032. This makes our long-term assumptions particularly important. For example, increasing annual capital expenditure from AED 180 million to AED 240 million would reduce our group fair value from AED 3.72 to approximately AED 3.17 per share. The sensitivity highlights how much of Taaleem's value depends on its ability to generate sustainable cash flow from the expanded school portfolio.

08

Valuation continued

SOTP component	AED million
Core K–12 school enterprise value	4,601
KFG attributable equity value (95%)	354
Less FY2026 bank net debt	(1,239)
Less net minority option liability	(1)
Equity value	3,715
Year-end shares excluding own shares, million	998.916
Fair value per share	AED 3.72

Source: Taaleem Holdings; Evermore Research estimates. KFG is valued separately, assuming zero separate KFG net funded debt. Shares at 31 August 2026 exclude own shares.

KFG contributes approximately AED 354 million to the sum of the parts. Deducting AED 1.24 billion of reported group net bank debt and approximately AED 1 million of net minority-option liabilities produces equity value of AED 3.71 billion, or AED 3.72 per share on 998.916 million year-end shares excluding own shares. We have not valued KFG at its audited carrying amount or added equity-accounted nursery earnings to the school cash flows.

Core WACC	g = 1.5%	g = 2.0%	g = 2.5%
8.10%	3.85	4.18	4.57
8.64%	3.44	3.72	4.03
9.30%	3.03	3.25	3.51

Source: Evermore Research estimates. Sensitivity shows value per share in AED; other assumptions held constant.

Terminal school capex	Fair value
AED 120m	AED 4.27
AED 180m (central)	AED 3.72
AED 240m	AED 3.17

Source: Evermore Research estimates. Central WACC 8.64%; growth 2.0%. Terminal capex is sustainable annual investment, not FY2030 spending.

At the 20 October reference price of AED 3.24, our AED 3.72 fair value suggests approximately 14.8% capital upside. Including the prospective dividend yield of 3.7% brings the indicative 12-month total return to 18.5%, above our 15% threshold for a Buy recommendation.

Achieving our valuation will depend on Taaleem continuing to fill its schools and generating stronger cash flow as construction spending eases. We have also taken a cautious approach to Kids First Group, valuing Taaleem's stake well below its AED 910 million carrying value. A stronger recovery in the nursery business would therefore provide further upside to our valuation.

09

Listed education peers

Operating and valuation comparison

Saudi Arabia's National Company for Learning and Education (NCLE) and Ataa Educational provide two listed benchmarks for Taaleem. Although their schools serve different curricula and fee segments, their operating performance and market valuations offer perspective on the opportunities and challenges facing Taaleem as its newer campuses mature.

Taaleem's premium-school utilisation was almost identical to NCLE's and above Ataa's. NCLE also reported approximately 10% year-on-year enrolment growth, demonstrating the potential to increase student numbers within an established school portfolio. However, headline utilisation figures can conceal considerable differences between mature schools operating close to capacity and newer campuses still building enrolments.

Metric	Taaleem	NCLE	Ataa Educational
Students	18,572	35,162	43,744
School capacity	23,848	45,265	63,321
Utilisation	77.9%	77.7%	69.1%
Share price (AED / SAR)	3.24	124.30	34.66
Historical net profit margin	9.7%	24.0%	14.7%
Trailing P/E	25.4x	30.7x	15.0x
FY2028E P/E	27.0x	22.8x	11.0x

Operating data: Taaleem Aug 2026 (14 premium campuses; excludes government schools and Harrow Dubai); NCLE Apr 2026 (operating campuses); Ataa Jan 2026 (curriculum portfolios). Margins use attributable profit / group revenue. Historical margins and P/E: Taaleem FY2026; NCLE 12 months to Apr 2026; Ataa FY2026. Prices: Taaleem AED, 20 Oct 2026; peers SAR, 18 Oct 2026. FY2028E: Evermore estimates for Taaleem; indicative external analyst estimates from MarketScreener for peers, not management guidance. Sources: company disclosures; Investing.com; MarketScreener, accessed 19 Oct 2026. See source list.

The companies also operate across different tuition segments. Ataa's H1 FY2026 disclosures report average net tuition of SAR 16,900 for national-curriculum schools, SAR 17,500 for international schools and SAR 9,600 for Indian-curriculum schools. These differences highlight the importance of student mix when comparing school operators. Higher fees can support greater revenue per pupil, but profitability also depends on staffing costs, facilities and campus maturity.

Although Taaleem trades at a lower multiple of historical earnings than NCLE, its FY2028 forecast multiple is higher than both Saudi peers. Taaleem's current net profit margin is also lower, and our FY2028 earnings forecast remains slightly below the profit reported in FY2026. Investors are therefore already attaching significant value to a recovery that has yet to be delivered.

The investment case depends on a more substantial earnings recovery beyond FY2028. We forecast utilisation across Taaleem's original 14 premium campuses increasing from 77.9% in FY2026 to 93.3% by FY2030, alongside a significant reduction in construction spending. Delivering that growth while improving profitability and cash generation will be central to justifying our AED 3.72 fair value.

10 Risks and what we will monitor

Admissions are the crucial operating test

A slower ramp at DBS Mira, DBS Jumeira, Raha Khalifa City or the Harrow developments would leave Taaleem carrying the costs of underutilised facilities for longer. That would lower revenues and delay the ability to reduce borrowings. Families may also switch towards competing schools if pricing, quality or geography favours alternatives. It is the school-level admissions record, not national population growth alone, that will tell us whether the thesis is progressing.

The capital and financing risks are tangible

Construction expenditure may run above budget or continue for longer than expected; management could also approve further projects before the current portfolio is earning acceptable returns. At the same time, borrowings are sensitive to floating rates and contractual maturities. If cash flow is weaker than forecast while debt remains near its expected peak, the group could have to reduce dividends, delay investment, refinance on less favourable terms or seek additional capital.

Ownership and trading liquidity also matter. At FY2026 year-end, the five shareholders owning at least 5% each held approximately 55.3% of issued capital in aggregate, according to the annual report. Concentrated ownership can restrict available trading supply. Large institutional orders may face wider spreads or take longer to execute or unwind when market turnover is limited.

KFG is a separate source of risk. Nursery utilisation might recover more slowly than expected, and cash rent, fit-out costs and capital requirements remain less visible than for Taaleem's school business. Our conservative valuation recognises the difference between management's audited carrying value and cash flow we can independently model; it should not be interpreted as predicting an accounting impairment. We do not assume meaningful nursery dividends will be available to service parent debt during the forecast period.

What could change our view

We would become more constructive if admissions consistently exceed our campus assumptions without a comparable increase in staffing costs, if Dubai Schools shows sustained incremental profitability, and if the company makes clear progress towards positive free cash flow after construction. Evidence of faster debt reduction would also reduce the financing risk in our valuation.

Conversely, several quarters of weak admissions at the main ramping schools, a return to large unplanned construction commitments, or a deterioration in covenant headroom would prompt us to revisit the earnings forecasts and potentially the recommendation. Future enrolment, profitability and cash flow figures should provide early evidence of whether the expected recovery is taking shape.

11 Forecasts and model assumptions

AEDm	FY26A	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E
Premium revenue	1,116	1,241	1,374	1,536	1,680	1,797	1,905
Government revenue	197	240	276	312	342	364	378
School EBITDA	334	361	402	471	536	585	623
EBITDA margin	25.5%	24.4%	24.4%	25.5%	26.5%	27.1%	27.3%
D&A	123	135	148	159	171	184	196
Cash capex	538	390	325	175	80	90	110
Net profit	127	102	120	175	245	298	343
Net bank debt	1,239	1,491	1,651	1,605	1,394	1,139	858
Dividends paid	150	120	100	100	100	100	100

Source: Taaleem Holdings; Evermore Research estimates. FY2026 reported; future periods estimated. FY2026 capex is cash outflow, not accounting additions.

Campus / group	Planned places	FY2030E pupils	Model role
Original 14 premium campuses	23,848	22,244	Core operating estate
Harrow Dubai	1,800	1,050	FY2027 opening ramp
Harrow Abu Dhabi	1,800	800	FY2028 opening ramp
DBS Ghaf Woods	1,800	450	FY2029 opening ramp
TOTAL	29,248	24,544	~84% implied utilisation

Source: Taaleem Holdings; Evermore Research estimates. Capacities follow announced developments; company-reported capacity is approximately 29,250 seats. The original 14 campuses imply 93.3% utilisation in FY2030, versus around 84% across the expanded portfolio.

12 Sources and research disclosure

- [1] Taaleem Holdings PJSC, Integrated Annual Report FY2025/26, October 2026; audited statements, Notes 9, 13, 20, 24, 29, 30 and 33, and ownership disclosures, pp. 176–177. [Annual report](#)
- [2] Taaleem Holdings PJSC, FY2025/26 Earnings Release, 8 October 2026; operating KPIs and segment financials, pp. 5–9. [Earnings release](#)
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- [4] Dubai Knowledge and Human Development Authority (KHDA), Dubai Private School Landscape 2024/25, 9 January 2025. [Source link](#)
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- [7] Mordor Intelligence, UAE Private K–12 Education Market, August 2026. Forecasts are commercial research estimates rather than official census statistics. [Source link](#)
- [8] Evermore Research, Taaleem KFG Independent Revaluation and Updated SOTP DCF, 17 October 2026; includes school operating statements FY2027–FY2032, KFG standalone valuation, bank debt bridge and scenario sensitivities. All forward financial figures are independent analyst assumptions, not management forecasts. Terminal schedule reconciled using the 18 October 2026 valuation reconciliation; equity valuation uses 998.916213 million year-end shares excluding own shares.
- [9] Noya British School, AY2026/27 published fees: [Noya fees](#); Cranleigh Abu Dhabi, AY2026/27 published fees as reported by International Schools Database: [Cranleigh fee source](#). Accessed October 2026. Illustrative competitor fees, not Taaleem tuition quotes.
- [10] Peers: [NCLE Q3 FY2026](#), p. 5; [Ataa H1 FY2026](#), pp. 14–16. Financials: [NCLE FY2025](#) and [9M FY2026](#); [Ataa FY2026](#). Saudi closes, 18 October 2026: Investing.com ([NCLE](#); [Ataa](#)). FY2028 analyst estimates: MarketScreener ([NCLE](#); [Ataa](#)), accessed 19 October 2026. NCLE forward EPS uses SAR 234m profit / 43m shares; Ataa uses SAR 3.164 EPS. Ataa capacity totals 32,276 + 18,345 + 12,700 places.
- [11] MarketScreener, Taaleem Holdings share ownership: free float 45.46%, rounded to 45.5%; vendor-defined measure, not the residual after deducting all holders above 5%. Available snapshot dated 1 October 2026. [Share ownership](#)

Research disclosure

Taaleem Holdings has provided management access in connection with this coverage. No issuer research fee has been paid for the note.

Published 20 October 2026. Calculations use the AED 3.24 reference price for 20 October 2026. Forecasts and valuation reflect the 17 October 2026 Evermore model. Published upside and total return use the rounded AED 3.72 fair value. Other calculations use unrounded inputs where available; displayed totals may differ slightly from the sum of rounded components.

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TSR combines the change to our 12-month fair value with dividends expected to be paid over the next 12 months.