

Translated Version
Report of the Board of Directors
On
The Company's activities and financial statements
For the Fiscal Year ended on December 31st, 2019

Dear Shareholders of the Company

On behalf of the Board of Directors and me, I am pleased to inform you that the company has continued its strong performance during the fiscal year 2019 and to present to you the most prominent achievements during this year.

The revenue of Humansoft Holding Company for the fiscal year ended 31/12/2019, is KD 73,294,166 compared with KD 69,250,695 in the fiscal year 2018 which presents a 6% increase over 2018.

The company also generated a net profit of KD 35,872,964 in 2019 achieving an increase of 14% over the last year net profit of KD 31,488,864.

Fiscal year	December 31st, 2019	December 31st, 2018
Revenue (Kuwaiti Dinar)	73,294,166	69,250,695
Net profit (Kuwaiti Dinar)	35, 872,964	31,488,864
Earnings per share (fils)	295	259

New Board of Directors

A new Board of Directors was elected by the general assembly of the company held in May 2019. The Board consists of 3 non-executive members including the chairperson, an executive member and an independent member.

Strong Performance

Humansoft was upgraded to Boursa Kuwait's Premier Market effective the 10th of February 2019. The market capitalization of the company as of December 31st, 2019 was 366 million Kuwaiti Dinar, making Humansoft the 12th largest company on Boursa Kuwait's Premier Market.

Forward Steps

Humansoft continued investment in upgrading the performance of its educational institutions, American University of the Middle East (AUM) and American College of the Middle East (ACM) through enhancement of the quality of their services and upgrading their systems, policies, academic curricula and research. The Company pursues this strategy in order to maintain its good results, focus on additional opportunities and aspects to enhance this growth and maintain its sustainability.

The total number of students at the University and the College reached 12,385 students at the beginning of the first semester of the academic year 2019-2020.

The Bachelor of Mechanical Engineering Program at AUM has received international academic accreditation by the Engineering Accreditation Committee (EAC) of the Academic Accreditation Board for Engineering and Technology (ABET) which is the internationally recognized body for accrediting programs of colleges and universities in applied sciences, computing, engineering, and technology. The Diploma programs in Computer Engineering Technology, Electrical Engineering Technology, Industrial Engineering Technology, and Mechanical Engineering Technology in the Engineering and Technology Department of ACM has also received international academic accreditation from the Engineering Technology Accreditation Committee (ETAC) of the Academic Accreditation Authority for Engineering and Technology (ABET), which is the internationally recognized body

for accrediting programs of colleges and universities in applied sciences, computing, engineering, and technology.

The ACM business department has also received international academic accreditation from the Accreditation Council for Business Schools and Programs (ACBSP) for marketing, human resource management, financial services and accounting programs.

AUM has also obtained a full membership in the European Organization for Nuclear Research (CERN), which owns the world's largest laboratory for particle physics, and also represents a leading global platform in the field of innovation and modern technologies.

The American University of the Middle East has established close ties with companies and institutions in the private sector. It has been able to meet the market needs in various fields, especially in the oil sector. The University is also constantly developing its specializations in both the College of Engineering and Technology and the College of Business Management and guides and advises the students in line with the future needs of the job market through constant monitoring of educational developments and the needs of the job market and the private sector. From this standpoint, the University launched the Bachelor of Civil Engineering Program at the beginning of the new academic year 2019-2020.

In fulfillment of Humansoft's commitment to promoting the concept of social responsibility, AUM pursues an educational method corresponding to the basic pillars of Humansoft. The University props talents of the students and encourage them to be creative and innovative. For this end the University organizes various competition as display talents within the University and also strives to involve them in international competitions and conferences aimed at developing their creativity and innovative skills, and enhance the spirit of competition, openness to the other, and exchange of experiences.

Students have scored many achievements in several competitions including World RobotChallenge, International Conference on Industrial Engineering and Operations Management (IEOM), Robotics Challenge for Universities of Gulf Countries... etc.

Future plans

Academic excellence

The company continues to exert every possible efforts and focus on creating an integrated educational environment that keeps up with evolution and development in Kuwait and the world. The Company seeks to develop and upgrade the educational services it provides to maintain its distinction among the leading companies in the field of education and ensure successful and outstanding financial performance year after year. Therefore, the University is currently working on preparing for the accreditation of the remaining programs of the College of Engineering and Technology by ABET. Work is also underway to obtain AACSB accreditation.

AUM and ACM will also continue to introduce new majors, thereby attracting various segments of high school graduates. AUM has already obtained the approval to add civil and architecture engineering majors in the College of Engineering at the University. Work is also underway to obtain the necessary approvals to add petroleum engineering and master programs in engineering at AUM, and civil engineering technology, the chemical engineering technology and petroleum engineering technology majors at ACM.

Operating Efficiency

HumanSoft seeks to improve operational performance. EBITDA margins have been consistently strong, and we aim to maintain high efficiency levels.

Shareholders' Value

Humansoft looks for a long-term strategy to maximize shareholders' value, and we have achieved high Profit throughout the past years and aspire to sustain such profits in the future.

Investors relations

During 2019, Humansoft participated in a various number of investors conferences in Dubai and London, made regular quarterly earning calls and have adopted measures to strengthen the investor relations function. During the fiscal year the company received research coverage studies from many analysts.

Recommendation to shareholders

Legal and Voluntary Reserve

In the fiscal year 2019, an amount of 3,781,400 KD only (three million seven hundred and eighty-one thousand and four hundred Kuwaiti dinars only) was contributed to the statutory reserve, which equals 10% of the net profits in fiscal year ended 31 /12/ 2019 and the accumulated reserve balance ratio exceeds 50% of paid up capital of the company.

The Board of directors recommends to suspend deduction from the net profit of the fiscal year 2019 for the Voluntary Reserve of the Company due to the availability of sufficient reserves in the company. The voluntary reserve ratio exceeded 50% of the capital, equivalent to KD 6,112,840.

Distribution of Dividends

As a result of good performance and cash flow, the Board of Directors recommends the distribution of cash dividends of 200 fils per share, and bonus shares at a rate of 10% of the capital, that is 10 shares per 100 fully paid shares. This recommendation is subject to the approval of the shareholders in this annual General Meeting and the regulatory authorities.

Sincere Thanks

The Board of Directors would like to extend its sincere thanks to all those who contributed to this success, especially our clients and partners who enabled the company to achieve this outstanding performance. This sincere thanks go particular to my colleagues, members of the Board of Directors, the entire Executive management team and all the employees in the subsidiaries of the

Company for their effective contribution and sincere efforts during the year to achieve the company's goals and aspirations. My thanks also extend to banks dealing with the company, and the various supervisory authorities in Kuwait, for their support and harnessing all the potentials for the company throughout the past years.

On behalf of the Board of Directors

Dalal Hasan Al Sabti

Chairperson