

Translated Version
Report of the Board of Directors
On
The Company's activities and financial statements
For the Fiscal Year ended as on December 31st, 2020

Dear Shareholders of the Company,

The year 2020 was an exceptional year due to Covid-19, which had a local and global impact. Humansoft was able to successfully address the crisis through the efforts of its Board of Directors and Executive Management. It was a critical phase which required strong collaboration and resilience.

Covid-19

At Humansoft, several key measures were taken to address the disruptions and challenges of Covid-19:

- The American University of the Middle East (AUM) took the lead and was a pioneer in starting the process of online learning amongst higher education institutions in Kuwait.
- The General Assembly voted against distributing dividends for FY 2019.
- The Board of Directors waived their remuneration for FY 2019.
- The Board of Directors decided to close down the training businesses in Kuwait, the UAE and Qatar. The process is currently underway.

Strong increase in student numbers

In spite of the challenging work environment due to Covid-19, we continued to deliver to our existing students, and we continued to reach out to new students. 4,001 new students were admitted in Fall 2020, which represents a 51% increase compared to Fall 2019.

This is attributed to our commitment to provide world-class education, and academic programs that meet the highest quality standards, while adopting a pragmatic and creative approach, which earned the trust of students and parents.

Strong financial performance

Despite Covid-19, we delivered strong results in 2020, and generated a net profit of KD 37,499,009, an increase of 4.5% compared to 2019.

The following are the key financial highlights:

Fiscal year	FY 2020	FY 2019
Revenue (KD)	68,526,304	73,294,166
Net Profit (KD)	37,499,009	35,872,964
Earnings per share (fils)	308	295

New CEO

Mr. Mayank Baxi has decided to retire and to step down from his role as CEO, but will continue to sit on Humansoft's Board. On behalf of the Board, I would like to pay tribute to his long service and dedication, and wish him a long and healthy retirement.

Dr. Georges Yahchouchi has been appointed as the CEO of the company, effective 11 March 2021, in addition to his current role as president of AUM. Dr. Georges brings strong leadership, competence and experience, and he was able to understand the corporate culture of Humansoft, and gain the trust of management and employees alike, within a short period of time.

Strategic review

Humansoft unveiled its 3 strategic pillars last year, and we are pleased to report that, despite Covid-19, we continue to focus on 1) Academic Excellence, 2) Operating Efficiency, and 3) Shareholder Value.

Academic Excellence	<p>AUM continues to expand its academic offering to students, and has launched Architectural Engineering major in Fall 2020.</p> <p>In 2020, AUM became the 1st university in Kuwait to achieve an overall rating of 5 stars in the QS Stars Rating System, which is considered one of the most influential and credible ratings for universities globally.</p>
Operating Efficiency	<p>Humansoft's fortress balance sheet has provided protection, resilience, and enabled Humansoft to withstand stress events like Covid-19.</p> <p>EBITDA margin 62.9 %.</p>
Shareholder Value	<p>Humansoft's market capitalization was KD 462 million as at 31 December 2020, a 26% increase compared to 31 December 2019, which makes Humansoft the 10th largest company on Boursa Kuwait's Premier Market.</p>

CSR

Our Corporate Social Responsibility (CSR) report was issued in September 2020, and highlighted our 5 CSR pillars as follows:

1) Environment

We promote a green environment, and over 700 trees have been planted on campus. Moreover, one of the research directions adopted by the university is the Environment.

2) Our people

Humansoft has a diverse workforce comprising of more than 1,000 team members coming from more than 70 countries. This diversity is a strong asset to Humansoft and the students, and encourages diversity and contributes to prosperity within the community. Our work environment is positive, transparent and promotes academic excellence, career progression, professional development, and gender equality.

3) Our students

Our students are our core stakeholders, and are engaged in high quality education offered by a specialized team of professionals, who apply practical and theoretical knowledge to develop students' technical and personal skills. There is strong emphasis on work ethics which will positively contribute to the success of their careers.

4) Community

We are committed to supporting our students to engage in the community and build a generation of responsible leaders.

5) Sport, health and wellness

We encourage students, faculty and staff to engage in athletic activities to deepen the culture of wellbeing and health, in order to build a generation with strong physical and mental health and a multi-disciplinary skillset.

Recommendation to shareholders

Legal and voluntary reserves

The Board of Directors recommends not to contribute to legal and voluntary reserves, as each of them has exceeded 50% of the share capital.

Distribution of Dividends

The Board of Directors is pleased to recommend cash dividends of 400 fils per share subject to the shareholders' approval at the Annual General Assembly Meeting (AGM).

Gratitude

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, and particularly 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. Our gratitude also extends to the banks, and the various regulatory authorities in Kuwait, for their continued support to Humansoft throughout the past years.

On behalf of the Board of Directors

Dalal Hasan AlSabti

Chairperson