HUMANSOFT
Empowering People Through Knowledge

ANNUAL REPORT 2021

HH Sheikh

Nawaf Al- Ahmad Al Jaber Al Sabah

Amir of the State of Kuwait

HH Sheikh

Mishal Al-Ahmad Al Jaber Al Sabah

Crown Prince of the State of Kuwait

At Glance

13,500+
Enrolled students

Over 20
Sports Achievements since 2018

12,000+
Alumni

Over 100
Community Engagement Initiatives since 2018

261,190
Square meter campus

Over 1000
Employees

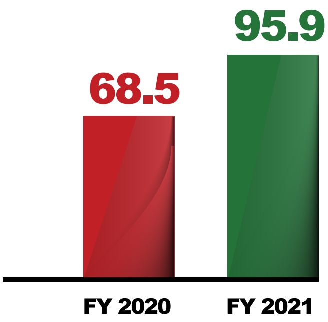
750+
Trees planted on campus

28
Offered programs

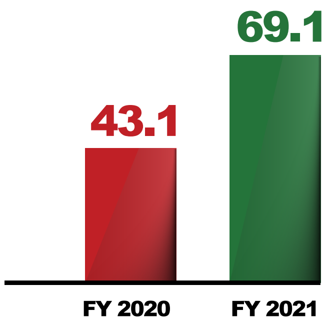
Over 60%
Female Students

70+
Engineering Labs

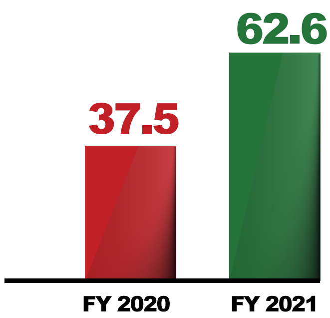
Over 70%
Represented nationalities



Revenue (KD mn)
40% Growth



EBITDA (KD mn)
60% Growth



Net Profit (KD mn)
67% Growth

About HumanSoft

We started HUMANSOFT back in 1994. Then we were known as New Horizons a modest computer training center tucked away in a small office in Kuwait City. Just as the IT revolution was building up, our 'little' company took off and within a matter of 5 years we were able to expand into the UAE and Qatar. This tremendous development grabbed global attention and industry recognition as New Horizons was successfully providing training diplomas to hundreds of thousands of people in the GCC region.

Soon we spotted the need for our learners to make the next step in their development not only to improve their software and hardware IT knowledge but to add professional workplace and English language skills.

This prompted us to establish HUMANSOFT to incorporate all our educational initiatives. In doing so, we ambitiously invested in e-learning as early as 2003 with Net G, one of the largest e-learning providers.

We customized a wide range of e-learning programs and products to match the growing demands of our learners throughout the Middle East as well as Morocco, Algeria, Egypt, Lebanon.
To ensure the success of our projects, we created the necessary distribution and support networks. However, this was not the end to our passion and commitment to education and academic endeavour.

In the early 2000s, we began our dream-project to nurture a home-grown university in Kuwait that would cater for our youth's academic needs. We set out to build a higher education institution that would meet the rigorous local regulatory requirements. Thus, the American University of the Middle East (AUM) and the American College of the Middle East (ACM) came into existence, in affiliation with the prestigious Purdue University (USA). After a dedicated focus, research and commitment of resources AUM and ACM operated first batch in the academic year 2008-09 out of its campus at Egaila .

In the meantime, the HUMANSOFT team wrote another notable chapter in its story by being listed on the Kuwait Stock Exchange in 2005 as a company focused on the field of Knowledge Transfer and Learning in the Middle East.

Today, our dedication to excellence in higher level education and vocational training is as strong as ever. And it is there for all to see both on our AUM and ACM campus and throughout our longstanding network of training centers. Year on year, we offer a greater range of qualifications designed to meet the demands of the 21st century workplace.
As a result, our student population grows rapidly, attracting local, regional and international interests.

Mision

to enhance the quality of people's lives, by empowering them through knowledge

Vision

we will be a global company investing and promoting well researched, innovative, technology driven ventures related to Learning, Human Resources Management and Health Services

Contents

Strategy

Chairperson's Statement

Dalal Hasan Al Sabti

Chairperson of the Board of Directors

To Shareholders,

On behalf of the Board of Directors, it is my pleasure to present to you HumanSoft's Annual Report for the fiscal year ending December 31, 2021, which includes an overview of the milestones achieved and our vision for the future.

Since its inception, the story of HumanSoft Holding has always been one of defying odds and seeing opportunities in challenges. 2021 was not less disrupting than 2020 due to the continuing repercussions of the COVID-19 pandemic. However, it was a year that witnessed HumanSoft continuing its upgrade journey thanks to the institution's long-term strategy, prudent risk management, human capital, shareholder trust, and fortress balance sheet, which all made the company stand the test of time, hold up well during a year of upheaval and market uncertainty, and be readier for a fast-changing world.

HumanSoft endeavored to continuously improve and achieve greater milestones, which made its stock be among the leading ones locally and one of the most attractive to foreign investors and global investment firms. Moreover, the institution has reinforced its leadership position in Education and in producing a generation capable of building a Knowledge Economy.

Financial Performance

HumanSoft Holding achieved remarkable financial results in the fiscal year 2021. The institution achieved a total net profit of 62.6 million KWD, 67 % increase compared to the same period last year.

Governance

At HumanSoft, we believe that good governance is the foundation of shareholders' trust. Hence, the company remains committed as ever to high governance standards since it is the cornerstone of institutional success and sustainability.

Focus on the Goal

HumanSoft continues its endeavors to focus on three tategic Pillars:

A. Academic Excellence

From day One, HumanSoft focused on providing an educational hub that offers an innovative learning environment and adds value to the education sector in Kuwait. Accordingly, accreditations, ranking, and diversity of programs offered were paramount to achieving our goal and to reinforcing the American University of the Middle East's positioning in the local and regional education sector.

1. Rankings and Ratings:

- AUM has been ranked Top University in Kuwait and in the Top 751-800 Universities globally in the QS World University Rankings 2022, which makes AUM among the top 3% of universities in the world
- AUM has been ranked by Times Higher Education (THE) as the First University in Kuwait and 24th in the region in the THE Arab University Rankings 2021.
- AUM sustained its position as the greenest and most sustainable university in Kuwait, 23rd across universities in the Arab countries, and 268th globally by UI GreenMetric World University Rankings 2021. The initiative ranks universities around the world based on their commitment and actions toward sustainability and the awareness they spread inside their campuses.

2. Global Partnerships and Strategic Initiatives

- AUM and HEC Montréal have signed a strategic cooperation at the level of the MBA program.
- AUM and Babson College have signed a memorandum of cooperation that enables AUM graduates to enroll in master's programs at Babson.
- AUM became a member of the Principle of Responsible Management (PRME), a United Nations-supported initiative for universities around the world that are committed to building a more sustainable future by implementing the six principles and supporting the achievement of the 17 Sustainable Development Goals (SDGs).

Chairperson's Statement

3. Accreditations

In addition to the previous accreditations achieved, AUM's College of Business Administration (CBA) has been
accredited by AACSB International, the Association to Advance Collegiate Schools of Business. The accreditation includes all CBA offered undergraduate programs, which are: Accounting, Finance, Marketing, Human Resource Management, and Management Information System, in addition to the Masters of Business Administration (MBA).

4. New Programs demanded by the Job Market

• AUM obtained the approval to offer Master's degrees in various Engineering disciplines.
• ACM introduced three new programs in its Engineering Technology Department: Petroleum Engineering Technology, Chemical Engineering Technology, and Civil Engineering Technology

B. Operating Efficiency

HumanSoft Holding has succeeded in continuously improving its operating efficiency without sparing any effort for the sake of development and innovation.
Despite the ramifications caused by the pandemic in 2021, the institution was able to operate without significant obstacles, thanks to the proactive measures that were in place, whether the infrastructure of the buildings that were built to have a flexible design to change according to operational needs or the investment in Information Technology (IT) and digital transformation, which enabled AUM to be the pioneer in Kuwait in the transition to online learning as a reaction to the pandemic.

C. Shareholder Value

The Board of Directors is pleased to recommend a cash dividend of 400 fils per share. The proposed cash dividend represents 78% of Humansoft's 2021 net profit.

The market value of Humansoft Holding reached about KWD 392 million on December 31, 2021, which made the institution among the 14 largest companies in the first Premier market in Boursa Kuwait.

Sustainability and Social Responsibility

Since its establishment, corporate social responsibility and sustainability have been an intrinsic component of HumanSoft mission and values. Although 2021 was also disrupting and challenging regionally and globally; However, it was a productive year full of initiatives and impact. HumanSoft maintained its role as a force of social good by strengthening and maintaining existing initiatives and embracing new ones.
In 2021, HumanSoft upgraded its commitment to sustainability and the environment through building new memberships, instilling a sustainability culture among students through various initiatives, adhering to international sustainability practices, creating GHG (Green House Gases) and Green Gas Emission Recycling Programs, and collaborating with the community.
HumanSoft maintained its strong support to faculty and staff through sustaining a diverse and inclusive workforce, focusing on their health and wellbeing, organizing social and team-building activities, and providing research support and professional development activities.
In addition, HumanSoft released its Annual Sustainability and CSR Report 2021, which focused on the following pillars:
• Sustainability and the Environment
• Health and Wellness
• Diversity and Inclusion
• Support to Faculty and Staff
• Producing a Life-Ready Generation

Future Strategy

In previous years, HumanSoft's main strategy was to focus on building the College of Engineering and the College of Business Administration at the American University of the Middle East (AUM) and the American College of the Middle East (ACM). The institution also concentrated on achieving growth by continuously introducing new majors in addition to reinforcing the positioning and quality of the colleges of business and engineering through international accreditations and rankings.

Chairperson's Statement

This direction enhanced profitability and led to the creation of sustainable revenues as showcased in the financial results across the years, to reach this year the best financial results ever in the company's history.
After achieving our goals with efficiency, it is time to take on new goals that will see us soaring to new heights.

Future Goals

Firstly:

Enhancing Revenue Growth and Profitability
Humansoft will continue to support and develop AUM and ACM through introducing new majors and inaugurating the College of Health Sciences by offering majors in Nutrition and Nursing, given their high demand in Kuwait and the world especially after the COVID-19 pandemic.
In light of the above, the absorptive capacity will be increased by constructing a new educational building for the College of Health Sciences at AUM campus. In addition, new specializations will be introduced at the College of Engineering and Technology, such as Artificial Intelligence and Energy Engineering, to keep pace with the global trends in the field of technology, advancement in artificial intelligence, alternative energy, and thus attracting students with great talents and potential.

Secondly:

Diversifying and creating a new stream of income
Just as HumanSoft began its first chapter in the early nineties when the IT revolution was building up, we plan to spearhead the upcoming digital revolution in education and human resource management in the region.

Our eye is on the future in the midst of the disruptions in Data, Communications, Artificial Intelligence, Alternative Energy, Carbon Emissions Reduction, among others. These rapid changes in technology and the repercussions of the pandemic have expedited the reality of remote learning. All these disruptions and the changes in business operations, job market, and learning tools are all considered both, threats and opportunities, to the prevailing framework of colleges and universities regionally and globally.

We see unique opportunities in these changes and challenges to create a quantum leap and returns for our clients, community, and shareholders. Accordingly, HumanSoft's future vision and strategy is based on leveraging its expertise, financial resources, human capital, and university infrastructure to create a new stream of income and diversifying the sources of income by investing in the General Education Sector (K-12) and in the new technologies related to education, training, employment, and human resource management.

Investment in new technologies in education will open new markets, hence increase client base.

Gratitude and Appreciation

The Board of Directors would like to extend its sincere thanks to all those who contributed to making it a successful year, especially our clients and partners who enabled the company to achieve this outstanding performance, and our shareholders for their belief in the company and for their support. A special graduate also goes to my fellow Board members, the entire executive management team, and all employees of the subsidiaries for their effective contribution, and their efforts during the year in working to achieve the company's goals and future aspirations.
A special thanks as well goes to the banks that HumanSoft deals with, and to the various regulatory authorities in Kuwait that showed high efficiency and flexibility in adapting to all the circumstances and changes that brought about 2021 and we look forward to a new year full of new achievements and successes.

On behalf of the Board of Directors
Dalal Hasan AlSabti
Chairperson

Year in-Review

01

The Ordinary General Assembly Meeting approved to distribute cash dividends for the fiscal year that ended 31/12/2020 at the rate of 400 % of the nominal value of the share.

02

AUM achieved an overall exemplary rating of 5 stars in the QS Stars Rating System, which is considered one of the most influential and credible ratings for universities globally. AUM has joined an exclusive group of 58 universities in the world and only 7 in the region to be awarded an overall 5 stars rating.

03

Dr. Georges Yahchouchi took over as CEO effective 4 April 2021 in addition to his role as President of AUM.

04

AUM has been ranked Top University in Kuwait and in the Top 751-800 Universities globally in the QS World University Rankings 2022. This new achievement puts AUM among the top 3% of universities in the world.

05

His Highness Sheikh Mishal Al-Ahmad Al-Jaber Al-Sabah sent a congratulatory telegram to the AUM Chairman and members of the Board of Trustees, expressing his heartfelt congratulations to AUM for being ranked as the Top University in Kuwait and 33rd across the universities in the Arab countries in the QS World University Rankings 2022.

06

HH Prime Minister Sheikh Sabah Al-Khaled Al-Hamad Al-Sabah congratulates AUM students, alumni, and the academic and administrative body at the university for being ranked as the Top University in Kuwait and 33rd across the universities in the Arab countries in the QS World University Rankings 2022.

07

HumanSoft participated in HSBC Boursa Kuwait Corporate Day 2021 .

08

AUM has been ranked #1 in Kuwait and #24 in the Region in the Times Higher Education Arab University Rankings 2021.

09

The College of Business Administration at AUM has been accredited by the Association to Advance Collegiate Schools of Business (AACSB).

10

AUM becomes a member of United Nations Principles of Responsible Management (PRME), a United Nations-supported initiative that comprises over 850 leading business and management schools across 95 countries around the world that are committed to building a more sustainable future by implementing the 6 principles and supporting the achievement of the 17 Sustainable Development Goals.

11

ACM introduces three new majors in its Engineering Technology Department.

12

AUM receives approval to start offering various Masters in Engineering programs

13

AUM organized its seventh career fair, which was held in a virtual and dynamic environment as a safety precaution because of the COVID19 pandemic.

14

Life on Campus returns to a new normal at AUM and ACM, effective October 2021. The Fall semester is offered in a hybrid format whereby students rotate between on-campus and online teaching.

15

AUM Students Selected as Finalists in Babson's 2021 GLOBAL STUDENT CHALLENGE.

16

AUM Students won First Gold Prize and Best Presentation Bronze Price in the Hackathon 2021 organized by Ministry of Oil

17

The College of Business Administration at the American University of the Middle East (AUM-CBA) and HEC Montréal have signed a strategic cooperation at the level of the MBA program.

18

AUM participated as a main sponsor in "Green Kuwait" the first Kuwait Electric Vehicle show that took place at Murooj on December 2, 3, and 4.

19

AUM sustained its position as the number 1 green university in Kuwait, 23rd across universities in the Arab countries, and 268th globally in the UI GreenMetric World University Rankings 2021.

20

HumanSoft participated in Goldman Sachs Boursa Kuwait Corporate Day 2021 .

21

AUM Faculty Publications in World's Top 10% Journals got doubled compared to the period prior to Covid-19 pandemic.

Institutional strength

A belief that Knowledge Empowers People lies at the heart of HumanSoft's DNA and is a key contributor to its success.

HumanSoft Holding and subsidiaries are world-class institutions and this is demonstrated through their adherence to the best global standards in terms of ranking, accreditation, and rating. These international benchmarks are evidence of the institutions superior positioning regionally and globally.

AUM

ABET Engineering Accreditation Commission

ABET Computing Accreditation Commission

AACSB ACCREDITED

QS WORLD UNIVERSITY RANKINGS 2022

QS STARS RATING SYSTEM

THE ARAB UNIVERSITY RANKINGS 2021

UI GreenMetric World University Rankings

ACM

ABET Engineering Technology Accreditation Commission

ACBSP ACCREDITED

Message from the CEO

Georges Yahchouchi, PhD

Chief Executive Officer – HumanSoft

President – American University of the Middle East (AUM)

Despite the challenges posed by the Covid-19 pandemic, I am proud to report that HumanSoft has proven to be resilient and have an outstanding performance during the financial year 2021. We have continued to upgrade our institutions through agile leadership, digital transformation, and innovation while implementing an impactful sustainability and social responsibility strategy.

HumanSoft reinforced its positioning as a leading private institution in Kuwait and the region in developing human capital, advancing knowledge, and accompanying the digital revolution. Today, HumanSoft has the most attractive stock for foreign investors and global investment firms according to Kuwait Clearing Company (Maqasa).

Academic Excellence and Strong Global Reputation

On the academic front, the American University of the Middle East (AUM) and the American College of the Middle East (ACM) achieved international and prestigious accreditations in business, technology, and engineering programs. In addition, AUM and ACM expanded their academic offering during the last two years by adding programs in Engineering and Technology. Academic partnerships with world-class institutions were built and strengthened, in line with our vision to offer a global learning experience, to open new horizons, and to create opportunities.

Furthermore, AUM has been ranked number 1 university in Kuwait and achieved remarkable results in the global and regional rankings of Quacquarelli Symonds (QS) and in Times Higher Education (THE). AUM has also been proudly selected as the host of the major QS and THE Summits and Forums in the region for the years 2021, 2022, and 2023.

Digital transformation

2021 saw us continuing our digital transformation journey at the University and the College through the upgrade of a comprehensive digital learning environment and student support services among which are e-learning, students' integration, career services, and paperless computer-based examination. The digital advancement and integration go in line with our efforts to instill resilience, versatility, and digital savviness in our students in order to ensure that they are career-ready and future-ready.

The success of our digital transformation, overcoming the pandemic repercussions, and activating the comprehensive online learning experience, is the result of the proactive efforts and investments during previous years in information technology and offering training and continuous professional development activities to faculty and staff.

Key Partner in Sustainable Development, Inclusiveness, and Diversity

HumanSoft is providing a university campus model in sustainability and environmental responsibility, integrating CSR and the Sustainable Development Goals (SDGs) in learning and research activities. For the second consecutive year, AUM has been ranked by UI GreenMetric World University Rankings 2021 as the most sustainable university in Kuwait, 23rd across universities in the Arab countries, and advanced 34 positions making it to the 268th globally. The University also became a member of the Principles for Responsible Management Education (PRME), a United Nations-supported initiative.

HumanSoft has a diverse workforce comprising more than 1000 academic and administrative collaborators coming from more than 70 countries. This diversity is a strong

Message from the CEO

asset to HumanSoft as it celebrates different cultural backgrounds and community well-being. AUM has achieved 5 stars in internationalization, diversity, and inclusiveness among other criteria in the QS Stars Rating System.

New Milestones in Advancing Research

Another impactful year was marked in 2021 with new milestones in AUM research productivity, thanks to the cutting-edge centers offering groundbreaking technologies, the strong institutional commitment to support research and encourage collaborations. Publications in World's Top peer-reviewed journals doubled during the last two years. Moreover, AUM publications marked a high level of collaboration with more than 70 percent international co-authorship in the total publications of 2021. This achievement in research output reflects HumanSoft's global commitment to the advancement of science and knowledge.

Reinventing the Future…

Through agile leadership, academic excellence, and strong global positioning, HumanSoft will remain committed to succeeding its strategy and continue developing the American University of the Middle East and the American College of the Middle East. This will be achieved by taking our institutions into higher standings locally and regionally, expanding our program offerings, establishing new colleges to attract top students, and creating a remarkable work environment that drives challenge and innovation for faculty and staff. The executive management will spare no effort to accomplish this strategy.

In addition, we will pursue possible investment opportunities that diversify and create a new stream of income, and we will use all our resources to achieve this goal. Among these opportunities are the General Education Sector (K-12) and rising technologies related to education and human capital.

We will also establish a College for Health Sciences by offering majors in Nutrition and Nursing given the high demand for health science professionals in a post-pandemic world. Furthermore, we will introduce new majors at the College of Engineering and Technology that are in line with the new technology trends and have an increasing demand by the job market, among which are Energy Engineering and Artificial Intelligence majors. Accordingly, we will increase the absorptive capacity of the AUM campus to accommodate the new College.

Thanks to the high potential of the Executive Management, the vision and confidence of the Board of Directors in us, and the trust of our shareholders, HumanSoft will remain a driving force of higher education in Kuwait and the region by advancing knowledge, empowering people, and reinventing the future.

Georges Yahchouchi, PhD
Chief Executive Officer – HumanSoft
President – American University of the Middle East (AUM)

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COLLEGE of
ENGINEERING

Environmental, Social,and Governance (ESG)

HumanSoft' s ESG framework comprises a set of key commitments on the Environmental, Social, and Governance fronts that serve as guiding principles for our ESG strategy. Our focus on sustainability, health and wellness, diversity and inclusion, professional development of our internal stakeholders, and good governance is core to our values.

HumanSoft commits to the highest standards of governance and sustainability in its operation and activities. The institution focuses on creating a safe, ethical, and responsible work environment, in addition to producing a socially responsible generation.

Environment

In 2021, HumanSoft upgraded its commitment to sustainability and the environment through building new memberships, instilling a sustainability culture among students through various initiatives, adhering to international sustainability practices, creating GHG (Green House Gases) Recycling Programs, and collaborating with the community.

Several environment-related initiatives stood out in 2021, such as:

- AUM sustained its position as the number 1 green university in Kuwait, 23rd across universities in the Arab countries, and 268th globally by UI GreenMetric World University Rankings 2021.
- AUM became a member of the United Nations Principles of Responsible Management (PRME)
- AUM sponsored and participated in the first electric vehicles show in Kuwait titled “Green Kuwait”
- Launch of upcycling series and amplifying recycling initiatives
- Increase in publications related to sustainability
- Awareness events: World Environment Day and World Water Day

Social

HumanSoft strengthened its strong focus on health and wellness through providing the necessary resources to all internal stakeholders, creating equal learning opportunities, conducting engagement activities with the community, adding new collaborations, and consistently spreading awareness.

The restrictions imposed by the pandemic did not compromise HumanSoft’s commitment to culture, diversity, and innovation. Many events were done online before campus reopening and on-campus afterward. In addition, students achieved noteworthy results through their participation in local and international competitions and in areas related to sustainable development and innovation.

HumanSoft maintained its strong support to faculty and staff through sustaining a diverse and inclusive workforce, focusing on their health and wellbeing, organizing social and team-building activities, and providing research support and professional development activities.

In addition to the above, HumanSoft sustained its strong dedication and commitment to ensuring all students and graduates are job-ready and life-ready. Through various professional development activities, employment opportunities, learning and development, HumanSoft remained committed to its core mission to empower people through knowledge.

Best Practice Corporate Governance

Corporate Governance aims to promote a culture of accountability, integrity, and transparency, where compliance is assured and sound judgment is practiced, assisting HumanSoft in its pursuit of generating stakeholder value and meeting its business model and growth plans.

Corporate Governance at HumanSoft aims to:

- Ensure Board and Management accountability;
- Sustain an integrity culture;
- Contribute to the strength and continuity of corporate leadership; and
- Promote the long-term growth and profitability of the business.

The corporate governance framework at HumanSoft is subject to the regulations and requirements of the Kuwait Capital Market Authority (CMA), and therefore the policies of the institution comply fully with the CMA regulations.

Governance

Humansoft remains committed as ever to high governance standards and in full conformity with the rules established by the Capital Market Authority through adopted policies that ensure the provision of governance structure through transparency, honesty, and integrity in all dealings.

Governance Report of Humansoft Holding Company (KSCP)

Humansoft remains committed as ever to high governance standards and in full conformity with the rules established by the Capital Market Authority through adopted policies that ensure the provision of governance structure through transparency, honesty, and integrity in all dealings.

Governance Framework

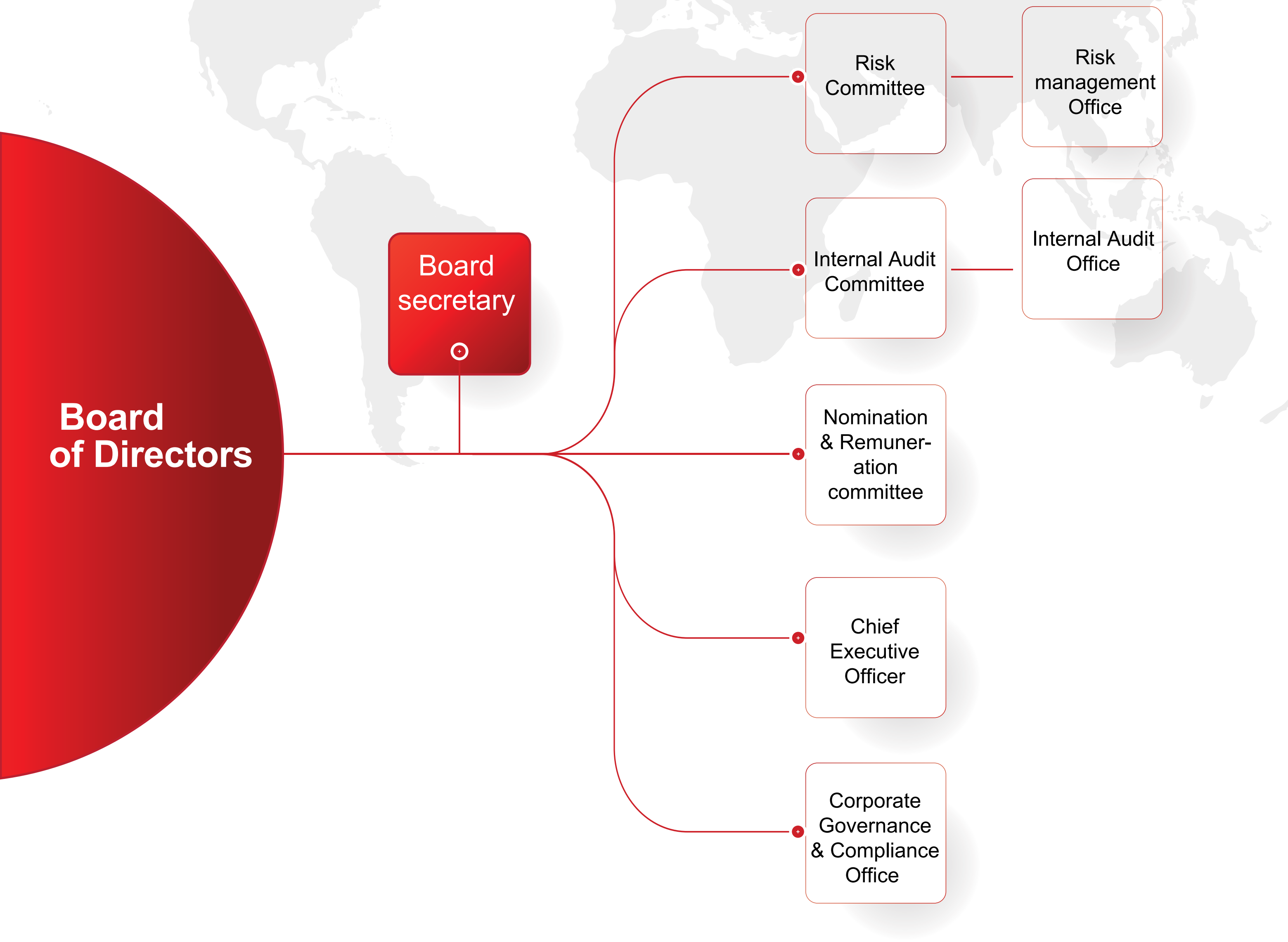
Construction of a Balanced Board composition

•Brief on the formation of the Board of Directors:

The company's Board of Directors consists of five members, who are elected and appointed by the company's General Assembly for a period of three years. The five members have academic qualifications and professional experience in the investment and economic sector and are listed hereunder:

Name	Classification	Qualification and Practical Experiences	Date Of Election /Appointment
Ms. Dalal Hasan Al Sabti	Non-executive	- University degree - Bachelor in Management Information System - More than 18 years of experience	29 May 2019
Mr. Tareq Fahad Al Othman	Non-executive	- University degree - Bachelor in Accounting - More than 15 years of experience	29 May 2019
Mr. Mayank Hasmukhlal Baxi	Executive (until 1st April2021) Non-Executive (From 1st April 2021)	- University degree - Bachelor in Commerce - Chartered Accountant (CA) - More than 26 years of experience	29 May 2019
Mr. Abdulrazzaq Abdullah Mohammad	Independent	- University degree - Master in Law - More than 41 years of experience	29 May 2019
Mr. Hasan Qasem Al Ali	Non-executive	- University degree - Bachelor of Business Commerce - More than 21 years of experience	Alternate member: 29 May 2019 Official member: 24 June 2019
Mrs. Nisreen Yasser Rashid	Board's Secretary	- University degree - Bachelor of Science in Computer Science and Mathematics - More than 16 years of experience	19 June 2019

Organizational Structure and Committees



Summary of the Board's meetings as follows:
The Board of Directors held 7 meetings during the year of 2021

	Ms. Dalal Hasan Al Sabti (Chairperson of Board of Directors)	Mr. Tareq Fahad Al Othman (Vice Chairman of Board of Directors)	Mr. Mayank Hasmukhlal Baxi (Member)	Mr. Abdulrazzaq Abdullah Mohammad (Independent member)	Mr. Hasan Qasem Al Ali (Member)
Meeting No.(1) Date: 15/2/2021	✓	✓		✓	✓
Meeting No.(2) Date: 10/3/2021	✓	✓	✓		✓
Meeting No.(3) Date: 04/05/2021	✓	✓	✓	✓	✓
Meeting No.(4) Date: 05/07/2021	✓	✓	✓	✓	✓
Meeting No.(5) Date: 02/08/2021	✓	✓	✓	✓	✓
Meeting No.(6) Date: 08/11/2021	✓	✓	✓	✓	✓
Meeting No.(7) Date: 14/12/2021	✓	✓	✓	✓	✓
No. of Meetings	7	7	6	6	7

*The sign (√) when the board member attends the board's meeting.
*Ensure the scheduling of all board meetings during the year.

A summary on Modality of Implementation of the Requirements of Registration, Coordination and Archiving Board Meeting Minutes:

It is considered one of the company's obligations to be always keen to implement the requirements for saving and coordinating minutes' meetings, as well as keeping these minutes of meeting in a way that enables the members of the Board of Directors to revert back to them. Therefore:

1. The company maintains a special register of the minutes of Board meetings.

2. Numbering the minutes of the meetings. A serial number, date, place and time of start and end of the meeting, and the names of members present in the meeting and absent members with excuse or without excuse are documented in the Board minutes.

3. Sending Invitations to the members of Board of Directors regarding the Board meetings no less than three working days.

4. Board members present at the meeting sign the minutes of the meeting.

5. Classifying the minutes of board meetings, recording its decisions and storing them in the Company's records, and enabling the Board members to obtain and view them at any time.

6. Adopting a policy that ensures compliance with the requirements of the Authority's regulations in this regard.

7. Ensure that concerned departments obtain the decisions of the Board of Directors and work to implement them.

The declaration of the independent member that it fulfills the controls of independence:

The independent member declares, through an acknowledgement issued by them, that they have nothing to prevent their independence as specified by the executive regulations of the Capital Markets Authority, as they:

1. Do not hold 5% or more of the company Shares or a representative of them.

2. Are not first degree relatives with any of the Members of the Board of Directors or Executive management members in the company or any other company in its Group or other relevant main parties.

3. Are not a member of the Board of Directors in any other company of the Group.

4. He is not an employee in the company or any company in the Group or for any of the Stakeholders.

5. He is not an employee for corporate entities who own Control shares in the company.

(A copy of the declaration is attached).

Acknowledgment and undertaking of the independent member

I, Abdul Razzaq Abdullah Muhammad, as an independent member of Humansoft Holding. I declare I have nothing to prevent my independence as specified by the executive regulations of the Capital Markets Authority:

1. I Do not hold 5% or more of the company Shares, neither does or a representative of mine.

2. I am not a first-degree relatives to any of the Members of the Board of Directors or Executive management members in the company or any other company in its Group or other relevant main parties.

3. I am not a member of the Board of Directors in any other company of the Group.

4. I am not an employee in the company or any company in the Group or for any of the Stakeholders.

5. I am not an employee for corporate entities that own Control shares in the company.

I also confirm that in the event of any change affecting my independence, I will notify the company in writing without any delay.

Abdulrazzaq Abdullah Mohammad

Establishment of Appropriate Roles and Responsibilities

An overview of how the company determines the policy of duties, responsibilities, and responsibilities of each of the members of the Board of Directors and the executive management, as well as the authorities and powers delegated to the executive management:

The leadership responsibility of the company rests with the board of Directors in terms of making important and effective decisions that contribute to raising the value of the company in a profitable and steady manner.

The Company's Board of Directors has adopted a policy that clarifies how to define the tasks, responsibilities, duties and powers of both the chairman and members of the board of directors and executive management in accordance with the Company's Articles of Association and the Rules of governance in the fifteenth Module of the Executive bylaws of Law No. 7 of 2010 for establishment of the Capital Markets Authority and their amendments and the Companies Law No. 1 of 2016. The Board of Directors, through a written authorization documented in the Minutes of the Board may delegate any of its powers to any member of the Board. The CEO exercises the functions and powers as specified in the policy in pursuance to the Board of Directors authorization.

The Board of Directors has the task of appointing the executive management by selecting competencies and setting performance standards for this department in line with the company's strategy and future goals.
In addition, specialized committees are formed to be appointed by the board of directors and to carry out the tasks assigned to them with a continuous evaluation of the work of these committees and their members by the board.
The Board of Directors also has the authority to approve the quarterly and annual financial reports and all operations of the Company.
The company is committed to the principles of governance in order to achieve its strategic goals and preserve the interests of shareholders through the practical experiences of the Board of Directors and the Executive Management.

We present to you the most prominent achievements during this year:

The Company in 2021 surpassed its previous successes, where its profits increased significantly by 67 % to reach KD 62,573,616 in the fiscal year 2021 compared with KD 37,499,009 in the fiscal year 2020. This achievement contributes to enhancing investors' confidence in the company's share.

We also highlight the most important tasks that the Board of Directors carried out during ths year:

1-Approval of the company's annual and quarterly Financial Statements.
2- Approval of the governance report.
3- Discussing the Audit committee's recommendation for appointment of the auditors for the fiscal year ending on 31/12/2021.
4- Approving the annual report for the remuneration of the members of the Board of Directors and the Executive Management of the company submitted by the Remuneration and Nominations Committee to submit them to the General Assembly.
5- Approval of the key performance indicators (KPIs) for evaluating the Board of Directors and each of its committees.
6- Approving the Board of Directors' report for the annual general assembly on the company's activities and financial position for the fiscal year ending on December 31, 2020 and following up on the implementation of the approved strategies and plans.
7- Approval of the general framework for risk management and the risk register submitted to the Board of Directors by the Risk Management Committee.
8-Discussing and approving the risk appetite and studying any potential effects on the company.
9- The Board of Directors recommended to the Annual General Meeting distribution of cash dividends for the fiscal year ending 31 December 2020 at the rate of 400 % of the nominal value of the share (i.e. 400 fils per share)
10- Reviewing the policies and regulations to reconcile the company's situation in accordance with the rules of corporate governance in the "Fifteenth Book" of the Executive Regulations of the Capital Markets Authority.

Brief overview of fulfillment of the requirements for the formation of independent Board's committees:

Internal Audit Committee	Risk Committee	Nomination & Remuneration Committee
Members of the Committee	**Members of the Committee**	**Members of the Committee**
Mr. Tareq Fahad Al Othman Chairman	Mr. Abdulrazzaq Abdullah Mohammad Chairman/ Independent	Mr. Tareq Fahad Al Othman Chairman
Mr. Hasan Qasem Al Ali Member	Mr. Tareq Fahad Al Othman Member	Ms. Dalal Hasan Al Sabti Member
Mr. Abdulrazzaq Abdullah Mohammad Member / independent	Mr. Mayank Hasmukhlal Baxi Member	Mr. Abdulrazzaq Abdullah Mohammad Member/ Independent
Committee's Secretary: Nisreen Rashid	Committee's Secretary: Nisreen Rashid	Committee's Secretary: Nisreen Rashid
Number of meetings-5	**Number of meetings-4**	**Number of meetings-1**

Name of the Committee: The Internal Audit Committee
-The tasks and achievements of the committee during the year:

The company's internal regulations stated the responsibilities and powers of the Audit Committee include implementing internal control systems, the integrity of accounting reports and internal audit reports, preparing reports and providing appropriate recommendations and plans and submit them to the Board of Directors for approval. The committee achievements include:

1. The Committee reviewed the quarterly and annual financial statements and expressed its opinion and recommendation before submitting it to the Board of Directors for approval.
2. Meeting with the external auditors and follow up of their work,
to ensure the accuracy of the financial statements.
3. Meeting with Internal Audit office and follow up of their work and supervising all submitted reports to ensure they are correct.
4. Recommending to the Board of Directors the appoint / reappoint or change the external auditors.
5. Review and Approval of the Internal Control Report issued by the independent audit office.
6. Review of the internal audit reports and submit them to the Board of Directors.
7. Approving the annual work plan of the Internal Audit Office.
8. Reviewing and approving the results of the internal audit office's report, in implementation of the approved internal audit work plan.
9. Evaluate the internal office manager and ensure that his role is performed effectively.

- *Date of formation of the committee: 19/6/2019 and it was renewed on 05/07/2021 for the tenure of one full year or election of a new Board of Directors, whichever comes first.*

2-The Name of the Committee: The Risk Management Committee
- The tasks and achievements of the committee during the year:

The responsibilities of this committee include ensuring that the company does not exceed the risk tolerance levels set by the Board of Directors, and of its achievements:

1. The Committee approved the progress report of the risk management office and referred it to the company's Board of Directors for discussion and approval.
2. The Committee approved the general framework of the risk management office Including risk propensity and referred it to the company's Board of Directors.
3. The Committee approved the risk management office register and referred it to the company's Board of Directors.
4. Confirmation of adherence to international standards and procedures for work and the efficiency of resources and information systems.

- **Date of formation of the Committee**: 19/6/2019 and it was renewed on 05/07/2021 for a one year tenure or election of a new Board of Directors, whichever comes first.

3- Name of the Committee: The Nomination and Remuneration Committee

- Tasks and achievements of the committee during the year:

The responsibilities and tasks of this committee include nomination and re-nomination for the positions of members of the Board of Directors and Executive Management and the annual evaluation of their competencies and skills. During the fiscal year, it was the following:

1. Approving the annual report for the remunerations of members of the Board of Directors and the executive management of the company on 15/02/2021.
2. Review the Key performance indicators (KPIs) for evaluating the company's Board of Directors and the Executive management of the company.

- **Date of formation of the committee**: 19/6/2019 and it was renewed on 05/07/2021 for a one year tenure or election of a new Board of Directors, whichever comes first.

• **A brief overview modality of fulfillment of implementation of the requirements that allow members of the Board of Directors to have access to information and data accurately and in a timely manner.**

Board Members may ask for any information from the Board's Secretary. The Secretary is committed to providing the information and required documents precisely and in an appropriate time.

Recruitment of Highly Qualified Candidates for Members of the Board of Directors and the Executives Management

- **A brief overview of composition of the Nomination and Remuneration Committee:**

  The Board of Directors established the Nomination and Remuneration Committee from three members, among whom one is an independent member of the Board of Directors. The committee is chaired by a non-executive member. The Secretary of the Committee register and keeps the minutes of the meetings in addition to carrying out the administrative works of the committee.

The committee also reviewed the objective performance indicators (KPIs) to evaluate the Board of Directors and each of its committees.

Report on the remunerations to the Members of the Board of Directors, the Executive Management and the managers, provided that it shall include the following information as a minimum:

1 Summary of the company's policy of compensations and incentives, specifically that related to Members of a Board of Directors, the Executive Management and the managers:

With regard to the remuneration of members of the Board of Directors, the Board of Directors, in its meeting held to discuss the annual financial statements, estimates the remuneration amount for each member of the Board, which is calculated based on the profits achieved and in accordance with the regulati ons of the law and Article 46 of the company's articles of association regarding the upper limit of the remuneration, which is 10% of the remainder of the profits

The Board recommends the amount of the remuneration at its meeting. Then, the recommendation gets submitted to the annual general assembly for approval. As for the remunerations of the executive management and managers, there are no variable remunerations given to the executive management and managers, and if any, this requires the approval of the Board of Directors.

2- Include the following two statements as follows:

In pursuance to the resolution of the annual general assembly , held on April 13 2021, the approved remuneration of the members of the board of directors for the fiscal year 2020, were distributed in the amount of K.D 40,000 for each member of the Board and with the total amount of K.D 200,000.

Remunerations and benefits of Members of Board of Directors							
Total number of members	Remunerations and benefits through the parent company			Remunerations and benefits through the subsidiaries			
	Fixed remuneration and benefits (Kuwaiti Dinar)	Variable remuneration and benefits (Kuwaiti Dinar)		Fixed remuneration and benefits (Kuwaiti Dinar)		Variable remuneration and benefits (Kuwaiti Dinar)	
	Health insurance	Annual remuneration	Committees' remuneration	Health insurance	Monthly salaries (total of the year)	Annual remuneration	Committees' remuneration
5		200,000					

* Details of the segments and types of remuneration and benefits mentioned are examples without limitation.

Total remunerations and benefits granted to five senior executives who have received the highest remunerations. This is in addition to the Chief Executive Officer and the financial manager or their deputy, if not included *														
Total executive positions	Remunerations and Benefits through the parent company							Remunerations and Benefits through the subsidiaries						
	Fixed remuneration and benefits (Kuwaiti Dinar)						Variable remuneration and benefits (Kuwaiti Dinar)	Fixed remuneration and benefits (Kuwaiti Dinar)						Variable remuneration and benefits (Kuwaiti Dinar)
	Monthly salaries (total of the year)	Health insurance	Annual tickets	Housing allowance	Transportations allowance	Children's education allowance	Annual remuneration	Monthly salaries (total of the year)	Health insurance	Annual tickets	Housing allowance	Transportations allowance	Children's education allowance	Annual remuneration
6	346,712	1,474	5,973	12,150	3,951	2,715	Nil	113,962	592	8,000	4,050	1,317	644	Nil

* Details of the segments and types of remuneration and benefits mentioned are examples without limitation.

3. Any substantial deviations from remuneration policy approved by Board of Directors.

Nil

Safeguard of the Integrity of Financial Reporting

• A written undertaking of safety, integrity and accuracy of the financial reports.
please refer to the financial statements section in the 2021 annual report .

• A Brief Overview of the Implementation of the Requirements of the Formation of the Audit Committee:

The Board of Directors formed the Audit Committee from three members from among its members. The Committee is chaired by a non-executive member. All members have academic qualifications and practical expertise. The Secretary of the Committee registers and keeps the minutes of the meetings, and carries out the administrative work of the Committee. The committee meets regularly on a quarterly basis.

The committee's responsibilities include keen ness to check the implementation of internal control systems, integrity of accounting reports and internal audit reports, and work on preparing the audit annual report, and submitting recommendations of to the Board of Directors for approval.

In the event of a conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors (if any), a statement is included detailing and clarifying the recommendations and the reasons of the decision of the Board of Directors not to abide by them.
Occurrence: Not occurred

• Emphasizing the Independence and Neutrality of the External Auditor:
An independent external auditor is appointed annually with independence and impartiality from the Board of Directors. The Board of Directors makes sure that the external auditors do not provide any services to the company other than the services required for auditing and reviewing.

Nomination to appoint or reappoint the external auditors is part of the task of the audit committee.
Accordingly, we have appointed Rode Middle East and Deloitte & Touche as the company's auditors.

Applying Sound Systems of Risk Management and Internal Audit

• A brief statement of the implementation of the requirements for the establishment of an independent department / office / unit for risk management:

A company's Risk Management Office was established on 29/6/2016. The office has a full technical independence according to regulatory requirements and reports directly to the Risk Committee. A head of the Risk Management Office has been appointed by the Board of Directors.

• A Brief Overview on the Implementation of the Requirements of Forming the Risk Management Committee:

The Board of Directors formed a Risk Management Committee consisting of three Board members. The Committee is chaired by a non-executive (independent) member. All members also possess academic qualifications and practical expertise. The Secretary of the Committee is entrusted with registering and keeping the minutes of the Committee's meetings, and carrying out the administrative works of the Committee. The Committee meets regularly on a quarterly basis.
It performs its role in reviewing the progress reports of the Risk Management Office and ensures compliance with global standards for risk management.

• Brief Overview of Control and Internal Audit Systems
The Company maintains a control and internal audit systems that cover all of its activities. Internal control systems aims at maintaining the integrity and accuracy of the company's financial

statements and the efficiency of all its operations. It also aims to protect the rights of shareholders and raise the company's status. The principles of internal control are based on the dual control process (Four eyes Principles), through full separation of duties, dual inspection and control, and dual signature. The Company also developed an independent internal audit process as follows:

- The Internal Audit Office reports directly to the Audit Committee.
- The Board of Directors determines the duties and responsibilities of the internal audit; and the Audit Committee is responsible for monitoring the internal audit systems and their adequacy.

• A brief statement of the implementation of the requirements for the establishment of the independent department / office / unit for internal auditing.

The Board of Directors formed an internal audit office on 29/6/2016. The office has a full technical independence and reports directly to the Audit Committee and indirectly subordinate to the Board of Directors. Based on the recommendation of the Audit Committee, a head of the Internal Audit Unit was appointed by the Board of Directors. The head of the Internal Audit Office is evaluated by the Audit Committee and ensures that his role is performed effectively.

Promoting Code of Conduct and Ethical Standards

• A Brief Overview of the Business Charter including standards and determinants of code of conduct and ethical standards:

The Board of Directors has approved and adopted a Business charter of joint work conduct and its implementation for the Company. The Business Charter emphasizes a culture of professional and ethical behavior that enhances investor confidence in the company's financial integrity and safety. The Charter includes the commitment of all employees of the Company to the laws and internal policies of the Business Charter, and not to exploit their positions for personal gains. The Business Charter stresses that necessity of following the standards and requirements for professional conduct and ethical standards, in accordance with the Capital Market Authority’s executive bylaws. It also deals with the Conflicts of interests, prohibiting bribery, and regulating the relationship of employees with each other on the one hand and between them and the company's clients on the other hand. The Charter also regulates reporting on violations of laws, policies and regulations of the company and the investigation process.

• Summary of Policies and Mechanisms for Reducing Conflict of Interest Cases:

A member of the Board of Directors is obligated to report to the Company’s Board of Directors any personal interest he may have in any activity or contract of the company, provided the reporting is registered in the minutes of the meeting and that member has no right to discuss and vote in the matters in which has any personal interest. The Chairman of the Board of Directors must declare at the General Assembly meeting any conflict of interests of any member of the Board who has a personal interest in the activities and contracts of the company. This declaration must be accompanied by a special report from the auditor. The Board deals with these cases in an appropriate manner in line with regulatory requirements. The Conflict of Interest policy also prohibits the employees of the Company from working for a client or competitor of the company during their employment.

Timely and High Quality Disclosure and Transparency

• A brief overview of the implementation of accurate and transparent presentation and disclosure mechanisms that define aspects, areas and characteristics of disclosure:

The Company’s Board of Directors has approved and adopted a disclosure and transparency policy, according to which the Company is committed to accurate and transparent disclosure in accordance with the mechanisms set out in the executive bylaws of the Capital Markets Authority Law No. 7 of 2010 in Module 15 "Corporate Governance", Chapter 8 and Module 10 "Transparency and Disclosure". Disclosure aspects include material information, a list in the names of insiders, beneficiaries, remunerations for members of the Board of Directors, and any other disclosures required by the executive bylaws.

The Corporate Governance Office is responsible for supervising the disclosure process in order to ensure that the company adheres to the instructions and laws, and it is considered the authority responsible for communicating with the Capital Markets Authority or any regulatory authority

• A brief overview on the Implementation of the Requirements of Maintaining Record of Disclosures by the Board of Directors , Executive Management and the managers :

The Company maintains a special record for the disclosures made by members of the Board of Directors and executive management. The record is made available to all shareholders of the company. The Company updates the contents of this records periodically.

These disclosures can also be viewed through the Board of Directors' Disclosures Register on the company's website

• A brief statement on the implementation of the requirements for forming Investor Relations Unit:

The Company regulates the Investors' Relations by making available and providing the necessary data and information to investors in a timely and accurate manner, through the recognized disclosure methods, including the company's website for receiving inquiries.

Also, these data and information are available to shareholders through the annual report, quarterly analysts' conference call, periodic reports, and others.

Also, one of the objectives of the Investor Relations Management Office who have competence and experience is to communicate with shareholders and investors on a permanent and continuous basis, with the aim of improving the company's position in the local and international market and attracting the largest number of investors and shareholders .

The company is also always keen to deal with all shareholders with honesty and equality and not to favor any personal interests at the expense of other interests.

• A brief overview developing information technology infrastructure, and relying heavily on it for disclosures:

The company adopts the use of information technology for communication with shareholders, investors and stakeholders. A page dedicated to corporate governance has been created on the website of the Company, through which all recent information and data that may assist shareholders, current and potential investors to exercise their rights and evaluate the company's performance are displayed.It also includes all the disclosures and results of the periodic financial reports, and the company's information is updated on the Boursa Kuwait website.

Respect of the Rights of Shareholders

•A summary of the implementation of the requirements for defining and protecting the general rights of shareholders, in order to ensure justice and equality among all shareholders:

The Company follows its policy of "the General Assembly Guide and the Rights of Shareholders in the Company", which was approved by the company's Board of Directors in pursuance to Module 15, Chapter 9 ("Respecting the Rights of

Shareholders"). The Company's policy guarantees in its activities to all shareholders, protection of their rights and equality and protecting their investments from misuse, whether by the CEO, the Company's Board of Directors or major shareholders.

All shareholders have equal rights to obtain their share of the dividends, attend the general assembly meetings of the Company and vote on its decisions, discuss financial statements, run for membership in the Board of Directors, elect members of the board of directors, monitor the company's performance and the work of the Board of Directors and questioning them if they neglect to carry out their tasks or exceed the powers entrusted to them.

The company holds an analysts' conference on a quarterly basis, in which it discusses the financial results with shareholders and answers their inquiries.

• A summary of establishing a special register to be kept with the clearing agency, as part of the requirements for continuous monitoring of shareholders' data:

The Company has a special register for its shareholders with the Kuwait Clearing Company. The Company is notified on a daily basis on trades during the day, the names of the shareholders, their numbers and the percentage of ownership of each of them.
This Shareholders register is updated on a daily basis, and coordination is made with the Kuwait Clearing Company in order to prepare all shareholders' invitations for the general assembly.

• A brief overview of encouraging shareholders to participate and vote in the assembly meetings of the company:

The good financial performance of the company encourages the shareholders to attend the assembly meetings. Also, opening discussion and answering questions of the shareholders and enriching the discussions for the topics of the agenda encourages the shareholders represented in the meeting to participate in the discussion and enrich the meeting and to cast their vote on the decisions of the general assemblies of the Company.

Recognizing the Role of Stakeholders

• An overview of the systems and policies that ensure protection and recognition of the rights of stakeholder:
The Company recognizes stakeholders in conformity with the definition of the CMA Executive Bylaws which includes all persons who have an interest with the company, including employees, clients, suppliers, creditors, etc. In its dealings with stakeholders, the Company acknowledges their legal and contractual rights and is committed to perform of those rights in their due dates.

Any event that can occur, must be taken into consideration by the Board of Directors, the Executive Management and the affiliated committees so as not to affect the interests of shareholders

• A brief overview on how to encourage stakeholders to participate in following up the company's various activities:
The Company strives to provide better working conditions for its employees, build a relationship of trust and respect between the employee and the company, and involve them in decision-making matters related to improving their work and discusses their suggestions. The company's policies also obligated the employees to report any of the violations, and sets out a mechanism for reporting and protecting the reporter who reported in good faith but his report was found not to be correct. The Company also strives to build constructive relationships with clients and suppliers based on mutual trust and respect and commitment to its contractual obligations as good faith requires. The Company welcomes any complaint submitted by any of the stakeholders and will study it carefully and respond to it accordingly.

Encouragement and Enhancement of Performance

• Summary of the implementation of the requirements for setting mechanisms enabling the members of the Board of Directors and the Executive Management to obtain continuous programs and training courses:

The company has a policy for training of the members of the Board of Directors and Executive Management. This policy regulates the introduction of induction programs for new members and continuous training for the members of the Board of Directors and the Executive Management through attending training programs, workshops and conferences related to their training needs.

• Summary of evaluating the performance of the Board of Directors as a whole, and the performance of each member of the Board of Directors and Executive Management:

According to the policy adopted by the company, the evaluation is based on the Key Performance Indicators (KPIs) connected with extent of achieving the strategic goals of the company, the quality of risk management and the sufficiency of the internal control systems and that in accordance with the approved procedures, standards and models for the evaluation of the Board of Directors, each of the members of the Board, the Board Committees and Executive Management of the Company.

• A brief overview of the efforts of the Board of Directors to create corporate values (Value Creation) for employees in the Company, through achieving strategic goals and improving performance rates:

The Board of Directors strives to create the corporate values of the Company through serious and continuous work to achieve the strategic goals of the Company and improve performance and full compliance with the applicable laws and regulations and in particular the Governance Rules. The Company's culture contributes greatly to improving the work environment and the performance of its employees, as the company's culture strives to qualifying employees and increasing their knowledge and creating optimal working environment. It also encourages teamwork and cooperation among employees and appreciate initiatives and creative work. The company also strives to enhance the employees' feeling of belonging to the Company.

Focusing on the Importance of Corporate Social Responsibility

• A summary of developing a policy to ensure a balance between each of the company’s goals and society’s goals:

The Board of Directors approved the company's CSR policy that aims to create an impact in the community through the holding’s subsidiaries by spreading awareness and engaging in various social and cultural initiatives.

An overview of the programs and mechanisms used that help highlight the company's efforts in the field of social work:

HumanSoft released its Annual Sustainability and CSR Report 2021 which focused on the following pillars: Sustainability and the environment, health and wellness, diversity, inclusion and innovation, support to faculty and staff, and producing a life-ready generation.

Sustainability and the environment

• AUM participated as a main sponsor in “Green Kuwait” the first Kuwait Electric Vehicle which was supported by the Environment Public Authority

• AUM launched Upcycling Series, in addition to events/activities such as World Environment Day and World Water Day, and programs to reduce the usage of paper and plastic in both AUM and ACM campuses

• AUM became a member of the Principles of Responsible Management (PRME), a United Nations supported initiative

• AUM sustained its position as the greenest and most sustainable university in Kuwait, 23rd across universities in the Arab countries, and 268th globally by UI GreenMetric World University Rankings 2021. The initiative ranks universities around the world based on their commitment and actions toward sustainability and the awareness they spread inside their campuses.

Health and Wellness

• Creating of AUM Youth website to motivate young people in schools to stay fit
• Launching a remote training platform by the AUM Sports Center

• Conducting awareness events among which are breast cancer, diabetes awareness, and traffic safety

Diversity, Inclusion, and Innovation

• HumanSoft has a diverse workforce comprising more than 1,000 team members coming from more than 70 different countries. This diversity is a strong asset to HumanSoft and all students since it promotes celebrating different cultural backgrounds and community well-being.

• Over 60% female students. It is also worth noting that the Chairperson of the Board of Directors is a female.

• AUM achieved an overall exemplary rating of 5 stars in the QS Stars Rating System, which is considered one of the most influential and credible ratings for universities globally. In addition to the overall 5 Stars rating, AUM was awarded 5 stars in Inclusiveness, Internationalization, and four other criteria: Teaching, Academic development, Employability, and Online learning

• Participation of students in international competitions and achieving outstanding results

• Various events and engagement activities were conducted related to culture, diversity, and inclusion Strong Support to Faculty and Staff

• A positive and transparent work environment that promotes academic excellence, career advancement, and professional development, as well as gender equality

• Recreational, cultural and developmental activities for employees

• AUM and ACM have many cooperation and agreements with local and international health institutions to ensure the health and well-being of their community, and various activities and events are organized for staff and faculty members.

• Funding research and professional development and launching the NCDA facilitating career development program
Producing a job-ready and life-ready generation
• Providing cutting-edge technologies and distance education tools. As well as establishing virtual centers and studios, and providing all student development and support services digitally.

• Organizing the seventh career fair in a virtual environment and providing approximately 1,500 job opportunities, in addition to the career day activities that took place on campus

• Partnering with SkillSoft: Through this partnership, students receive exclusive access to over 6,000 soft skills world-class video courses.

• Organizing workshops to provide students and graduates with the skills required in a post-pandemic work environment.


COLLEGE of BUSINESS
ADMINISTRATION

Financials

Humansoft has been following a consistent strategy of a balance of Quantitive and Qualitative growth, thereby consistently growing its net profit and margins and with it maintaining high levels of Return on Equity (ROE) and Return on Assets (ROA).

Board of Directors’ Report 2021

The Board of Directors is pleased to present to you its financial results achieved by the institution along with the audited financial statements of HumanSoft Holding for the year ending December 31, 2021.

2021 Financial Highlights

Despite the repercussions of the pandemic and the local and global challenges, HumanSoft recorded its best financial performance. The institution continued upgrading its strengths and delivered a noteworthy growth in revenue and profit.

Revenue of KD 95.9 million in 2021 as compared to KD 68.5 million in 2020, an increase of 40%.

Net Profit of KD 62.6 million in 2021 as compared to KD 37.5 million in 2020, an increase of 67%

EBITDA of KD 69.1 million in 2021 as compared to KD 43.1 million in 2020, an increase of 60%

Earnings per share grew by 67% in 2021 and amounted to 514 fils as compared to 308 fils in 2020

The operational costs remained roughly consistent with 2020, despite having higher revenues, mainly due to improved operational efficiencies.

Balance Sheet

HumanSoft’s fortress balance sheet provides protection and resilience that enables the institution to withstand emerging challenges such as the COVID-19 pandemic

Cash and Bank Balances as at the end of 2021 amounted to KD 84.6 million as compared to KD 73.9 million at the end of 2020.

Total assets as at the end of 2021 was marginally higher at KD 158.6 million as compared to KD 158.3 million as at the end of 2020.

Total debts as at the end of 2021 amounted to KD 4.7 million as compared to KD 10.9 million as at the end of 2020.

Shareholders' Equity

Total equity as at the end of 2021 was KD 131.8 million, as compared to KD 117.9 million as at the end of 2020.

Average return on equity increased and amounted to 50% in 2021 as compared to 38% in 2020.

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

Dividend

The Board of Directors recommends cash dividends of 400 fils per share, subject to the shareholder's approval at the Annual General Assembly Meeting (AGM)

Financial Highlights	2020	2021	Change
Revenue (KD mn)	68.5	95.9	39.9%
EBITDA (KD mn)	43.1	69.1	60.1%
EBITDA %	62.9%	72.0%	9.1%
Net profit (KD mn)	37.5	62.6	66.9%
Net Profit %	54.7%	65.3%	10.6%
EPS (in fils)	308	514	66.9%
Equity (KD mn)	117.9	131.8	11.8%
Total Assets (KD mn)	158.3	158.6	0.2%

Future Strategy

In previous years, HumanSoft's main strategy was to focus on building the College of Engineering and the College of Business Administration at the American University of the Middle East (AUM) and the American College of the Middle East (ACM). The institution also concentrated on achieving growth by continuously introducing new majors in addition to reinforcing the positioning and quality of the colleges of business and engineering through international accreditations and rankings.

This direction enhanced profitability and led to the creation of sustainable revenues as showcased in the financial results across the years, to reach this year the best financial results ever in the company's history.

After achieving our goals with efficiency, it is time to take on new goals that will see us soaring to new heights.

Future Goals

Firstly: Enhancing Revenue Growth and Profitability

Humansoft will continue to support and develop AUM and ACM through introducing new majors and inaugurating the College of Health Sciences by offering majors in Nutrition and Nursing, given their high demand in Kuwait and the world especially after the COVID-19 pandemic.

In light of the above, the absorptive capacity will be increased by constructing a new educational building for the College of Health Sciences at AUM campus. In addition, new specializations will be introduced at the College of Engineering and Technology, such as Artificial Intelligence and Energy Engineering, to keep pace with the global trends in the field of technology, advancement in artificial intelligence, alternative energy, and thus attracting students with great talents and potential.

Secondly: Diversifying and creating a new stream of income

Just as HumanSoft began its first chapter in the early nineties when the IT revolution was building up, we plan to spearhead the upcoming digital revolution in education and human resource management in the region.

Our eye is on the future in the midst of the disruptions in Data, Communications, Artificial Intelligence, Alternative Energy, Carbon Emissions Reduction, among others. These rapid changes in technology and the repercussions of the pandemic have expedited the reality of remote learning. All these disruptions and the changes in business operations, job market, and learning tools are all considered both, threats and opportunities, to the prevailing framework of colleges and universities regionally and globally.

We see unique opportunities in these changes and challenges to create a quantum leap and returns for our clients, community, and shareholders. Accordingly, HumanSoft's future vision and strategy is based on leveraging its expertise, financial resources, human capital, and university infrastructure to create a new stream of income and diversifying the sources of income by investing in the General Education Sector (K-12) and in the new technologies related to education, training, employment, and human resource management.

Investment in new technologies in education will open new markets, hence increase client base.


COLLEGE of BUSINESS
ADMINISTRATION

Financial Growth over 10 years from 2012 to 2021

The company follows a consistent growth strategy while simultaneously enhancing the overall net profit and maintaining a high return on its equity and return on its assets.

In addition, the average dividend payout ratio during the past five years reached over 70%.

This growth is showcased in the company's performance over the past ten years. Since 2012, the number of enrolled students has grown from 3,657 to 13,753, a 16% cumulative annual growth in a period of 10 years.

The total revenue has been growing over the past ten years at a cumulative annual growth rate of 23% from KWD 15.2 million in 2012 to KWD 95.9 million in 2021.

Similarly, net profit increased over the past 10 years at an annual compounded growth rate of 44%, from KWD 2.4 million in 2012 to KWD 62.6 million in 2021.

The return on average shareholders' equity reached 50% in 2021 and the return on average total assets during the year 2021 was 40% .

Undertaking of the Chief Executive Officer

Gentlemen / Board of Directors

Subject: Undertaking

I the undersigned, holding the position of the Chief Executive Officer in your esteemed company, hereby confirm the safety, integrity and accuracy of the financial statements, and that the financial statements of the company(for the year ended 31 December 2021) are displayed properly and fairly, and that they display all the financial aspects of the company's data and operating results, and that they are prepared according to the International Accounting Standards implemented by the Capital Markets Authority.

Sincerely,

Dr. Georges El Yahchouchi

Undertaking of the Chief Financial Officer

Undertaking of the Chief Financial Officer

Gentlemen / Board of Directors

Subject: Undertaking

I the undersigned, holding the position of the Chief Financial Officer in your esteemed company, hereby confirm the safety, integrity and accuracy of the financial statements, and that the financial statements of the company (for the year ended 31 December 2021) are displayed properly and fairly, and that they display all the financial aspects of the company's data and operating results, and that they are prepared according to the International Accounting Standards implemented by the Capital Markets Authority.

Sincerely,

Anup Dhand

Date: 07 February 2022

Deloitte & Touche, Al-Wazzan & Co.
Ahmed Al-Jaber Street, Sharq
Dar Al-Awadi Complex, Floors 7 & 9
P.O. Box 20174, Safat 13062
Kuwait

Rodl Middle East, Burgan-International Accountant
Ali Al Hassawi & Co
Sharq – Dasman Complex – Block 2 – 9 Floor
P.O. Box: 22351 Safat 13084 Kuwait

Dear Sirs,

We are providing this letter to you in connection with your audit of the consolidated financial statements of Humansoft Holding Company K.S.C.P. ("the Parent Company") and subsidiaries ("the Group") for the year ended 31 December 2021 for the purpose of expressing an opinion as to whether the consolidated financial statements present fairly, in all material respects, the financial position of the Group at 31 December 2021 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

We acknowledge on behalf of the Board of Directors our responsibility for the fair presentation of the consolidated financial statements in accordance with IFRS and accordingly, for the prevention and detection of fraud, error, violation or possible violation of Kuwaiti laws and regulations. Furthermore, we represent to the best of our knowledge and belief, the following representations made to supplement information obtained by you from the books and records of the Group and to confirm information given to you orally:

We confirm, to the best of our knowledge and belief, the following representations:

• We acknowledge our responsibilities for the implementation and operation of accounting and internal control systems that are designed to prevent and detect fraud and error. We have disclosed to you the results of our assessment of the risk that the consolidated financial statements may be materially misstated as a result of fraud.

• We are not aware of any significant facts relating to any frauds or suspected frauds known that may have involved (i) Management; (ii) Employees who have significant roles in internal control; or (iii) Others where the fraud could have a material effect on the consolidated financial statements.

• We have disclosed to you our knowledge of any allegations of fraud, or suspected fraud, affecting the consolidated financial statements that have been communicated to us by employees, former employees, analysts, regulators or others
.
• There have been no irregularities involving management or employees who have a significant role in the accounting and internal control systems or who could have a material effect on the consolidated financial statements.

• We have made available to you all books of account and supporting documentation and all minutes of meetings of shareholders and the board of directors.

• All transactions have been recorded in the accounting records and are reflected in the consolidated financial statements.

• We confirm that director's remuneration will be accounted when it is approved by the shareholders in the annual general meeting.

• We confirm the completeness of the information provided regarding the identification of related parties.

• The Group has no controlling interest, joint control or significant influence over any other entity other than the entities listed in Appendix A and Appendix B.

• We have disclosed to you the identity of the Group's related parties and all the related party relationships and transactions of which we are aware.

• Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with IFRS.

• We confirm that the key management compensation as disclosed in the consolidated financial statements is correctly stated and is approved.

• The consolidated financial statements are free of material misstatements, including omissions and disclosure deficiencies.

• The Group has complied with all aspects of contractual agreements that could have a material effect on the consolidated financial statements in the event of noncompliance. There has been no noncompliance with requirements of regulatory authorities that could have a material effect on the consolidated financial statements in the event of noncompliance.

• The following have been properly recorded and, when appropriate, adequately disclosed in the consolidated financial statements:

-The identity of, and balances and transactions with, related parties.
-Guarantees whether written or oral under which the Group is contingently liable.
-Assets pledged as collateral.

• Other than those disclosed to you, we have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the consolidated financial statements.

• Other than those disclosed to you, we have no plans to abandon any business segment or other plans or intentions that will result in any obsolete inventory. Furthermore, we confirm that no inventory is stated at an amount in excess of net realisable value.

• The Group has satisfactory title to all assets. We confirm that long-term loan amounting to KD 4,721,723 is secured by mortgage of land held at cost of KD 5,297,030. This has been adequately disclosed in the consolidated financial statements.

• The Group has satisfactory title to all assets and there are no liens or encumbrances on the Group's assets other than that mentioned above.

• We confirm that the plots of land owned by the Parent Company are for use as owner occupied property of the Group and not for use as investment properties. Hence, the land has appropriately been classified under property and equipment.

• Significant assumptions used by us in making accounting estimates, including those measured at fair value and assessing the impact of COVID-19 on the Group, are reasonable.

• We have recorded or disclosed, as appropriate, as at the consolidated statement of financial position date, all liabilities, both actual and contingent and all commitments.

• There have been no events subsequent to period end that require adjustment of or disclosure in the consolidated financial statements or notes thereto.

• We confirm that as at the consolidated statement of financial position date, the Group has adequate provisions to cover any legal claims relating to litigations in progress based on management's best assessment of the status of these claims. We also confirm that there are no legal claims or litigations in progress other than that disclosed in the legal letter provided to you. We also confirm that we have not appointed any lawyer for our subsidiaries and associates in the United Arab Emirates, Bahrain, State of Qatar and United States of America.

• There are no formal or informal compensating balance arrangements with any of our cash and investment accounts.

• All significant assumptions relating to fair values included in the accounts are reasonable and appropriately reflect our intent and ability to carry out planned actions on behalf of the entity that are relevant to fair value measurements or disclosures.

• Results for the period were not materially affected by unusual or extraordinary transactions not relating to the Group's normal operations, or a non-recurring nature.

• We confirm that the Management has planned to commence operations in the coming financial years of those entities, in which commercial operations have not started yet.

• We confirm that, as at the consolidated statement of financial position date, other than those assets for which impairment is already recorded, the Group's tangible and intangible assets are not impaired and there are no indications for us to believe that the tangible and intangible assets are subject to impairment.

• The Group's management is responsible for determining and maintaining the adequacy of the provision for expected credit loss and believes that the provision is adequate.

• We have consolidated all companies which are controlled by us as summarized in Appendix A.

• We have accounted all associates summarized in Appendix B (under liquidation) using the equity method. We confirm that the Group does not have substantive rights to direct relevant activities of these associates. We confirm that management accounts for the associates are accurate and complete. The same has been approved by those charged with governance of the associates.

• The Board of Directors in their meeting dated 07 September 2020 resolved to close down certain training centers and companies in Kuwait, UAE and Qatar. Accordingly, the subsidiaries as mentioned in Appendix C are under liquidation as at 31 December 2021.

• We confirm that we have assessed the Group's ability to continue as a going concern and believe that the Group will continue for the foreseeable future.

• The Group has performed impairment testing on intangible assets with indefinite useful lives as per IAS 36: Impairment of Assets and concluded that there is no impairment as at 31 December 2021. The recoverable amount of the cash generating unit is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using rates that reflect current market assessments of the time value of money and the risks specific to the cash generating unit. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

• There have been no known actual or possible material violations of laws or regulations including the Companies Law No. 1 of 2016 and its executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that could have a material effect on the financial position in the event of non-compliance or violation. Furthermore, we confirm that, to the best of our knowledge and belief, the Group is not aware of any non-compliance with laws and regulations that are applicable to its subsidiaries and associates incorporated in the United Arab Emirates, Bahrain, State of Qatar and United States of America.

Ms. Dalal Hasan Al Sabti
Chairperson

Mr. Anup Dhand
Chief Financial Officer

Deloitte.

Deloitte & Touche
Al-Wazzan & Co.

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HUMANSOFT HOLDING COMPANY K.S.C.P.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Humansoft Holding Company K.S.C.P. (the "Parent Company") and its subsidiaries (together referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each key audit matter below, our description of how our audit addressed the matter is provided in that context.

We have identified the following key audit matter:

Impairment of university and college licenses

As disclosed in note 10 of the consolidated financial statements, the Group has university and college licenses of KD 6,752,000 (2020: KD 6,752,000) which are allocated to a cash generating unit (CGU). Impairment of university and college licenses was considered to be a key audit matter due to its significance to the Group's

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HUMANSOFT HOLDING COMPANY K.S.C.P. (Continued)

business, and due to the estimation uncertainty and judgment involved in estimating the future results of the CGU and the selection of discount rates to discount future cash flows for the assessment of the value-in-use method of the CGU. The uncertainty in making estimates and judgments by the management have been further heightened due to the impact of the COVID 19 pandemic on individual businesses and the economy as a whole.

As part of our audit procedures, we evaluated the design and implementation of management's control process over the impairment assessment. For the impairment assessment of university and college licenses, we obtained the Group management's impairment calculations and assessed key assumptions including the cash flow projections, discount rates and terminal growth rates. We assessed growth rates and discount rates by comparison to third party information. Future cash flow assumptions were also assessed through comparison of current performance with management forecasts. Additionally, we analysed the sensitivities such as the impact on the recoverable value if the growth rate would be decreased, or the discount rate would be increased. We considered the impacts, if any, that the COVID-19 global pandemic had on the operations of the Group and the estimation process. We also assessed the adequacy of the Group's disclosures included in note 10 of the consolidated financial statements about those assumptions to which the outcome of the impairment test is more sensitive. The Group's policy on assessing impairment of these items is given in notes 2.12 and 2.13 of the consolidated financial statements.

Other information included in the Parent Company's 2021 Annual Report

Management is responsible for the other information. Other information consists of the information included in the Group's 2021 Annual Report, other than the consolidated financial statements and our auditors' report thereon. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditors' report, and we expect to obtain the remaining sections of the Annual Report after the date of our auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HUMANSOFT HOLDING COMPANY K.S.C.P. (Continued)

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HUMANSOFT HOLDING COMPANY K.S.C.P. (Continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate to Those Charged with Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Those Charged with Governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Those Charged with Governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016 and its executive regulations, as amended; and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended; that an inventory was duly carried out; and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016 and its executive regulations, as amended; or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2021 that might have had a material effect on the business of the Parent Company or on its consolidated financial position.

We further report that, during the course of our audit, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No 7 of 2010, as amended, concerning the Capital Markets Authority and its related regulations during the year ended 31 December 2021 that might have had a material effect on the business of the Parent Company or on its consolidated financial position.

Talal Y. Al-Muzaini
Licence No. 209A
Deloitte & Touche - Al-Wazzan & Co.

Rashed Ayoub Yousuf Alshadad
License No. 77A
Rödl Middle East
Burgan-International Accountants

Kuwait
07 February 2022

Consolidated Statement of Financial Position as at 31 December 2021

		Kuwaiti Dinars	
	Notes	**2021**	**2020**
ASSETS			
Current assets			
Cash and bank balances	4	84,632,720	73,889,264
Trade and other receivables	5	21,647,878	28,473,994
Inventories		5,119	5,390
Investment in associates	7	537,747	547,825
		106,823,464	**102,916,473**
Non-current assets			
Right-of-use assets	8	820,147	934,968
Property and equipment	9	43,985,962	47,542,507
Intangible assets	10	6,942,766	6,930,207
		51,748,875	55,407,682
Total assets		**158,572,339**	**158,324,155**
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		738,921	552,794
Accruals and other liabilities	11	5,910,424	4,762,055
Lease liabilities	12	207,332	213,333
Deferred income	13	9,369,142	18,486,850
Retentions payable		282,076	260,182
Current portion of long-term debts	14	2,400,000	6,157,542
		18,907,895	**30,432,756**
Non-current liabilities			
Lease liabilities	12	636,933	730,951
Long-term debts	14	2,321,723	4,721,723
Provision for staff indemnity		4,875,317	4,516,525
		7,833,973	**9,969,199**
Total liabilities		**26,741,868**	**40,401,955**
Equity			
Share capital	15	12,223,680	12,223,680
Share premium		1,512,000	1,512,000
Statutory reserve	16	9,894,240	9,894,240
Voluntary reserve	17	6,112,840	6,112,840
Treasury shares	18	(288,877)	(288,877)
Treasury shares reserve	18	564,013	564,013
Retained earnings		101,709,919	87,798,044
Foreign currency translation reserve		102,656	106,260
Total equity		**131,830,471**	**117,922,200**
Total liabilities and equity		**158,572,339**	**158,324,155**

Ms. Dalal Hasan Al-Sabti
Chairperson

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

Consolidated Statement of Profit or Loss - year ended 31 December 2021

		Kuwaiti Dinars	
	Notes	**2021**	**2020**
Revenue		95,879,141	68,526,304
Cost of operations	19	(14,602,599)	(14,672,312)
Gross profit		**81,276,542**	**53,853,992**
General and administrative expenses	20	(14,178,244)	(13,801,015)
Selling expenses	21	(2,191,095)	(2,058,912)
Finance charges		(276,773)	(337,493)
Share of loss of associates	7	(9,755)	(82,130)
Other income		1,142,486	1,751,125
Profit before contribution to Kuwait Foundation for Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST"), Zakat and Directors' remuneration		**65,763,161**	**39,325,567**
Contribution to KFAS	22	(663,457)	(409,448)
NLST	23	(1,655,358)	(1,000,182)
Zakat	24	(670,730)	(416,928)
Directors' remuneration	31	(200,000)	-
Profit for the year		**62,573,616**	**37,499,009**
Basic and diluted earnings per share (fils)	25	**514**	**308**

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income - year ended 31 December 2021

	Kuwaiti Dinars	
	2021	**2020**
Profit for the year	**62,573,616**	**37,499,009**
Other comprehensive income		
Items that may be reclassified subsequently to consolidated statement of profit or loss:		
Foreign currency translation adjustments	(3,604)	13,752
Other comprehensive income for the year	**(3,604)**	**13,752**
Total comprehensive income for the year	**62,570,012**	**37,512,761**

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity - year ended 31 December 2021

	Share capital	Share premium	Statutory reserve	Voluntary reserve	Treasury shares	Treasury shares reserve	Retained earnings	Foreign currency translation reserve	Total
Balance as at 31 December 2019	12,223,680	1,512,000	9,894,240	6,112,840	(288,877)	564,013	50,299,035	92,508	**80,409,439**
Total comprehensive income for the year	-	-	-	-	-	-	37,499,009	13,752	37,512,761
Balance as at 31 December 2020	**12,223,680**	**1,512,000**	**9,894,240**	**6,112,840**	**(288,877)**	**564,013**	**87,798,044**	**106,260**	**117,922,200**
Total comprehensive income for the year	-	-	-	-	-	-	62,573,616	(3,604)	**62,570,012**
Dividend (note 30)	-	-	-	-	-	-	(48,661,741)	-	**(48,661,741)**
Balance as at 31 December 2021	**12,223,680**	**1,512,000**	**9,894,240**	**6,112,840**	**(288,877)**	**564,013**	**101,709,919**	**102,656**	**131,830,471**

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows - year ended 31 December 2021

		Kuwaiti Dinars	
	Notes	**2021**	**2020**
OPERATING ACTIVITIES			
Profit before contribution to KFAS, NLST, Zakat			
and Directors' remuneration		65,763,161	39,325,567
Adjustments for:			
Depreciation and amortisation	20	4,093,876	4,292,182
Provision for staff indemnity		1,074,620	881,240
Expected credit loss on financial assets	5	79,411	138,283
(Profit) / loss on disposal of property and equipment	9	(4,490)	5,520
Property and equipment and intangible assets written off	9 & 10	86,152	297,466
Finance charges		276,773	337,493
Share of loss of associates	7	9,755	82,130
Interest income		(965,025)	(1,121,865)
Discount on lease payments	12	(65,282)	-
Operating cash flows before working capital changes		70,348,951	44,238,016
Changes in:			
Trade and other receivables		6,829,130	(6,190,025)
Inventories		271	45,551
Trade and other payables		186,127	(196,104)
Accruals and other liabilities		(78,888)	(1,123,417)
Deferred income		(9,117,708)	12,043,061
Retentions payable		21,894	(206,375)
		68,189,777	48,610,707
Payment of staff indemnity		(714,675)	(337,789)
Payment of KFAS		(409,448)	(383,608)
Payment of NLST		(1,000,182)	(965,576)
Payment of Zakat		(416,928)	(391,850)
Directors' remuneration paid	31	(200,000)	-
Net cash generated from operating activities		65,448,544	46,531,884
INVESTING ACTIVITIES			
Purchase of property and equipment	9	(429,969)	(355,545)
Payments for intangible assets	10	(91,564)	(44,062)
Proceeds from disposal of property and equipment		4,767	1,995
Margin deposits and restricted deposits		(63,029)	(468,426)
Investment in term deposits		(16,500,000)	(46,500,000)
Interest received		882,632	1,121,865
Net cash used in investing activities		(16,197,163)	(46,244,173)
FINANCING ACTIVITIES			
Repayment to bank		(6,157,542)	(7,890,000)
Finance charges paid		(241,409)	(682,189)
Repayment of lease liabilities	12	(91,394)	(156,676)
Dividend paid		(48,576,180)	(573)
Net cash used in financing activities		(55,066,525)	(8,729,438)
Net decrease in cash and cash equivalents		(5,815,144)	(8,441,727)
Effects of exchange rate changes on cash and cash equivalents		(4,429)	7,301
Cash and cash equivalents at beginning of the year		16,849,530	25,283,956
Cash and cash equivalents at end of the year	4	11,029,957	16,849,530

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements - 31 December 2021

1. Ownership and activities

Humansoft Holding Company K.S.C.P. ("the Parent Company") is a Kuwaiti Shareholding Company incorporated on 14 September 1997. The Parent Company and its subsidiaries are together referred to as "the Group".

The principal activities of the Parent Company are as follows:

1.Owning shares of Kuwaiti shareholding or foreign companies, as well as owning shares or stocks in Kuwaiti or foreign limited liability companies or participating in the establishment of these companies, in their two types, and their management, lending and guarantee for others.

2.Lending companies, in which it owns shares and guaranteeing them with third parties. In this case, the Company's share in the capital of the borrowing company should not be less than the 20%.

3.Owning industrial property rights such as patents, industrial trademarks, or industrial fees or any other related rights and lease them to other companies to exploit them, whether inside or outside Kuwait.

4.Owning movables and properties necessary to carry out its operations within parameters allowed as per law.

5.Exploit surplus funds available with the Company through investing in portfolios managed by specialized companies.

The Parent Company is listed on the Kuwait Stock Exchange and its registered office address is P.O. Box 305, Dasman 15454, State of Kuwait.

These consolidated financial statements were authorised for issue by the Board of Directors of the Parent Company on 07 February 2022 and are subject to approval of shareholders in the Annual General Assembly.

2. Basis of preparation and significant accounting policies

2.1 Basis of preparation

These consolidated financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). These consolidated financial statements have been presented in Kuwaiti Dinars ("KD").

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a high degree of judgment or complexity or areas where assumptions and estimates are significant to these consolidated financial statements are disclosed in note 32.

2.2.1 New standards and amendments effective from 1 January 2021

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the previous year. In the current year, the Group has applied the below amendments to IFRS Standards and Interpretations issued that are effective for annual period that begins on or after 1 January 2021. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments enable entities to reflect the effects of transitioning from benchmark interest rates, such as interbank offer rates (IBORs) to alternative benchmark interest rates without giving rise to accounting impacts that would not provide useful information to users of financial statements.

The amendments affect many entities and in particular those with financial assets, financial liabilities or lease liabilities that are subject to interest rate benchmark reform and those that apply the hedge accounting requirements in IFRS 9 or IAS 39 to hedging relationships that are affected by the reform.

The amendments apply to all entities and are not optional. The amendments are effective for annual periods beginning on or after 1 January 2021 with early application permitted.

Covid-19-Related Rent Concessions beyond 30 June 2021 [IFRS 16]

In May 2020, the International Accounting Standards Board (IASB) amends IFRS 16, which relieves a lessee from assessing whether a COVID-19-related rent concession is a lease modification, that applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021. In March 2021, IASB extended the availability of the practical expedient to rent concessions for which any reduction in lease payments affects payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. This is the only change made to the practical expedient.

The amendments are effective for annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted.

2.2.2 Standards and revisions issued but not yet effective

At the date of authorization of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

Management anticipates that these new standards, interpretations and amendments will be adopted in the

IFRS 17 Insurance Contracts	The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023.
Amendments to IAS 1	Classification of Liabilities as Current or Non-current The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.
Amendments to IFRS 3 Reference to the Conceptual Framework	The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same or earlier.
Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use	The amendments are effective for annual periods beginning on or after 1 January 2022, with early application Permitted.
Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract	The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.
Annual Improvements to IFRS Standards 2018-2020 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted
Amendments to IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9 The amendment is effective for annual periods beginning on or after 1 January 2023..
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies The amendment is effective for annual periods beginning on or after 1 January 2023.
Amendments to IAS 8	Definition of accounting estimates The amendment is effective for annual periods beginning on or after 1 January 2023.

Group's consolidated financial statements for the period of initial application and adoption of these new standards, interpretations and amendments may have no material impact on the consolidated financial statements of the Group in the period of initial application.

2.3 Financial instruments: Recognition/ Derecognition

A financial asset or a financial liability is recognized when the Group becomes a party to the contractual provisions of the instrument.

All regular way purchase and sale of financial assets are recognized using settlement date accounting. Changes in fair value between the trade date and settlement date are recognized in the consolidated statement of profit or loss or in the consolidated statement of profit or loss and other comprehensive income in accordance with the policy applicable to the related instrument. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the market place.

A financial asset (in whole or in part) is de-recognised when the contractual rights to receive cash flows from the financial asset has expired or the Group has transferred substantially all risks and rewards of ownership and has not retained control. If the Group has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the financial asset. A financial liability is derecognized when the Group's obligation specified in the contract is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and recognition of a new liability.

All financial assets are initially measured at fair value. Transaction costs are added to the cost of all financial instruments except for financial assets classified as at fair value through profit or loss. Transaction costs on financial assets classified as at fair value through profit or loss are recognised in the consolidated statement of profit or loss.

2.4 Classification and measurement of financial assets and financial liabilities

Classification of financial assets

The Group determines classification and measurement category of financial assets, except equity instruments and derivatives, based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The expected frequency, value and timing of sales are also important aspects of the Group's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Contractual cash flows assessment

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows met the Solely Payments of Principal and Interest ("SPPI").

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a basic lending arrangement are typically the consideration for the time value of money, credit risk, other basic lending risks and a profit margin. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

The Group reclassifies when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

2.4.1 Financial assets

The Group classifies financial assets upon initial recognition of IFRS 9 into following categories

- Amortised cost (AC)
- Fair value through other comprehensive income (FVOCI)
- Fair Value Through Profit and Loss (FVTPL)

All financial assets are initially measured at fair value. Transaction costs are added to the cost of all financial instruments except for financial assets classified as at fair value through profit or loss. Transaction costs on financial assets classified as at fair value through profit or loss are recognised in the consolidated statement of profit or loss.

Amortised cost (AC)

The Group classifies financial assets at AC if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

Financial assets classified at AC are subsequently measured at amortised cost using the effective interest method adjusted for impairment losses, if any. Interest income, foreign exchange gains/losses and impairment are recognised in the consolidated statement of profit or loss. Any gain or loss on derecognition is recognised in the consolidated statement of profit or loss.

Fair value through other comprehensive income (FVOCI)

Debt instruments at FVOCI

The Group classifies debt instruments at FVOCI if it meets both of the following conditions:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instrument classified as FVOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in Other Comprehensive Income ("OCI"). Interest income and foreign exchange gains and losses are recognised in consolidated statement of profit or loss. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to consolidated statement of profit or loss.

Equity instruments at FVOCI

Upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as at FVOCI if they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by- instrument basis.

Equity instruments at FVOCI are subsequently measured at fair value. Changes in fair values including foreign exchange gains and losses are recognised in OCI. Dividends are recognised in consolidated statement of profit or loss when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment. On derecognition, cumulative gains or losses are reclassified from fair value reserve to retained earnings in the consolidated statement of changes in equity.

Fair Value Through Profit and Loss (FVTPL)

Financial assets whose business model is to acquire and sell, or whose contractual terms do not give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, are classified as FVTPL.

In addition to the above, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets classified as FVTPL are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in the consolidated statement of profit or loss. Interest income and dividends are recognised in the consolidated statement of profit or loss according to the terms of the contract, or when the right to payment has been established.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

2.4.2 Financial liabilities

Financial liabilities are mainly classified as “Financial liabilities other than at fair value through profit or loss”. This comprises of loan from a local bank, retentions payable, trade payables and accruals and other liabilities.

Financial liabilities other than at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the effective interest rate.

2.5 Impairment of financial assets

IFRS 9 introduces three-stage approach to measuring Expected Credit Loss (“ECL”). Assets migrate through the following three stages based on the change in credit quality since initial recognition.

Stage 1: 12 months ECL

The Group measures loss allowances at an amount equal to 12-month ECL on financial assets where there has not been significant increase in credit risk since their initial recognition or on exposures that are determined to have a low credit risk at the reporting date. The Group considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade’.

Stage 2: Lifetime ECL – not credit impaired

The Group measures loss allowances at an amount equal to lifetime ECL on financial assets where there has been a significant increase in credit risk since initial recognition but are not credit impaired. When determining whether the credit risk on a financial instrument has increased significantly, management considers reasonable and supportive information available, in order to compare the risk of a default occurring at the reporting date with a risk of a default occurring at initial recognition of the financial instrument.

Stage 3: Lifetime ECL – credit impaired.

A financial asset is considered as credit impaired when there is objective evidence that the amount due under the financial asset is uncollectible. The Group considers a financial asset as credit impaired if the amount due under the financial instrument is overdue by more than 90 days except for amount due from Kuwait government, or if it is known that the counter party has any known difficulties in payment. Amounts due from Kuwait government are subject to ECL assessment if the amount is due for more than one year since the Kuwait government is highly rated. The Group provides for 100% impairment for non-government receivables outstanding for more than two academic semesters.

Life time ECL is ECL that result from all possible default events over the expected life of a financial instrument. The 12 month ECL is the portion of life time expected credit loss that result from default events that are possible within the 12 months after the reporting date. Both life time ECLs and 12 month ECLs are calculated on either an individual basis or a collective basis depending on the nature of the underlying portfolio of financial instruments.

ECL is the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the financial instruments and potential changes to the current amounts allowed under the contract including amortisation.

The EAD of a financial asset is its gross carrying amount. The LGD represents expected loss conditional on default, its expected value when realised and the time value of money.

The Group applies the simplified approach to recognise lifetime expected credit losses for its trade receivables as permitted by IFRS 9. Accordingly, trade receivables which are not credit impaired and which do not have significant financing component is categorised under stage 2 and lifetime ECL is recognised.

Loss allowances for ECL are presented as a deduction from the gross carrying amount of the financial assets at AC.

2.6 Business combination

A business combination is the bringing together of separate entities or businesses into one reporting entity as a result of one entity, the acquirer, obtaining control of one or more other businesses. The acquisition method of accounting is used to account for business combinations. The consideration transferred for the acquisition is measured as the fair values of the assets given, equity interests issued and liabilities incurred or assumed at the date of the exchange. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. The acquisition related costs are expensed when incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination (net assets acquired in a business combination) are measured initially at their fair values at the acquisition date. Non-controlling interest in the subsidiary acquired is recognized at the non-controlling interest's proportionate share of the acquiree's net assets.

When a business combination is achieved in stages, the previously held equity interest in the acquiree is re-measured at its acquisition-date fair value and the resulting gain or loss is recognized in the consolidated statement of profit or loss. The fair value of the equity of the acquiree at the acquisition date is determined using valuation techniques and considering the outcome of recent transactions for similar assets in the same industry in the same geographical region.

The Group separately recognizes contingent liabilities assumed in a business combination if it is a present obligation that arises from past events and its fair value can be measured reliably.

An indemnification received from the seller in a business combination for the outcome of a contingency or uncertainty related to all or part of a specific asset or liability that is recognized at the acquisition date at its acquisition-date fair value is recognized as an indemnification asset at the acquisition date at its acquisition-date fair value.

The Group uses provisional values for the initial accounting of a business combination and recognizes any adjustment to these provisional values within the measurement period which is twelve months from the acquisition date.

2.7 Consolidation

The Group consolidates the financial statements of the Parent Company and subsidiaries (i.e. investees that it controls) and investees controlled by its subsidiaries.

The Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- Voting rights and potential voting rights;

The financial statements of subsidiaries are included in the consolidated financial statements on a line-by-line basis, from the date on which control is transferred to the Group until the date that control ceases.

Non-controlling interest in an acquiree is stated at the non-controlling interest's proportionate share in the recognized amounts of the acquiree's identifiable net assets at the acquisition date and the non-controlling interest's share of changes in the equity since the date of the combination. Total comprehensive income is attributed to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Changes in the Group's ownership interest in a subsidiary that do not result in loss of control are accounted for as equity transactions.

The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interest in the subsidiary and any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the Parent Company's shareholders. Non-controlling interest is presented separately in the consolidated statements of financial position and profit or loss. The non-controlling interests are classified as a financial liability to the extent there is an obligation to deliver cash or another financial asset to settle the non-controlling interest.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances based on latest audited consolidated financial statements of subsidiaries. Intra group balances, transactions, income, expenses and dividends are eliminated in full. Profits and losses resulting from intra group transactions that are recognized in assets are eliminated in full.

If a parent loses control of a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost as well as related non-controlling interests.

Any investment retained is recognized at fair value at the date when control is lost. Any resulting difference along with amounts previously directly recognized in equity is transferred to the consolidated statement of profit or loss.

2.8 Cash and cash equivalents

Cash on hand, demand and time deposits with banks whose original maturities do not exceed three months, net of bank overdrafts are classified as cash and cash equivalents in the consolidated statement of cash flows.

2.9 Investments in associates

Associates are those entities over which the Group has significant influence but not control, generally accompanying a direct or indirect shareholding of more than 20% of the voting rights. The excess of the cost of investment over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recognised as goodwill. Goodwill on acquisition of associates is included in the carrying values of investments in associates. Investments in associates are initially recognised at cost and are subsequently accounted for by the equity method of accounting from the date of significant influence to the date it ceases.

Under the equity method, the Group recognises in the consolidated statement of profit or loss, its share of the associate's post acquisition results of operations and in equity, its share of post acquisition movements in reserves that the associate directly recognises in equity. The cumulative post acquisition adjustments, and any impairment, are directly adjusted against the carrying value of the associate. Appropriate adjustments such as depreciation, amortisation and impairment losses are made to the Group's share of profit or loss after acquisition to account for the effect of fair value adjustments made at the time of acquisition.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivable, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the associate.

2.10 Inventories

Inventories comprise of course materials and are stated at the lower of cost and net realisable value after making allowance for obsolete and slow moving items. Cost comprises the purchase price, import duties, transportation, handling, and other direct costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the first in first out ("FIFO") method. Net realisable value represents the estimated selling price less all estimated selling costs.

2.11 Property and equipment

Property and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses .

Property and equipment are depreciated on a straight-line basis over their estimated economic useful lives, which are as follows:

	Years
Building and leasehold land improvements	**20**
Computers and peripherals	**2-3**
Furniture, fixtures and decorations	**3-5**
Equipment	**3-5**
Library books	**4**

These assets are reviewed periodically for impairment. If there is an indication that the carrying value of an asset is greater than its recoverable amount, the asset is written down to its recoverable amount and the resultant impairment loss is taken to the consolidated statement of profit or loss. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Properties in the course of construction for production or administrative purposes are carried at cost, less any recognised impairment loss and are classified as capital work in progress. Cost includes professional fees. Depreciation of these assets, on the same basis as other property and equipment, commences when the assets are ready for their intended use.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of profit or loss.

2.12 Intangible assets and goodwill

Identifiable non-monetary assets acquired and developed in connection with the business and from which future benefits are expected to flow are treated as intangible assets. Intangible assets comprise of university and college licenses, curriculum, in-house developed computer diploma programs and software, franchise cost, trademark, key money and brand. Intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised on a straight-line basis (except the university license that has an indefinite useful life) over their estimated useful lives, which are as follows:

	Years
Computer diploma, programs, software, systems and curricula	**2-5**
Franchise	**5-10**
Trade mark, Key money and brand	**10**

Goodwill arising in a business combination is computed as the excess of the aggregate of: the consideration transferred; the non-controlling interests proportionate share in the recognized amounts of the acquiree's net identifiable assets at the acquisition date, if any; and in a business combination achieved in stages the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree, over the net of the acquisition-date fair values of the identifiable assets acquired and liabilities assumed. Any deficit is a gain from a bargain purchase and is recognized directly in the consolidated statement of profit or loss.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is allocated to each of the cash generating units for the purpose of impairment testing. Gains and losses on disposal of an entity or a part of the entity include the carrying amount of goodwill relating to the entity or the portion sold.

Goodwill and intangible assets with indefinite useful lives are tested, at least annually, for impairment and carried at cost less accumulated impairment losses.

Assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as cash generating units for the purpose of assessing impairment of goodwill and intangible assets.

If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata, on the basis of the carrying amount of each asset in the unit. That relating to goodwill cannot be reversed in a subsequent period. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the asset for which the estimates of future cash flows have not been adjusted. The Group prepares formal five year financial projections for its businesses. These plans are used for the value in use calculation. Long range growth rates are used for cash flows into perpetuity beyond the five year period. Fair value less costs to sell is determined using valuation techniques and considering the outcome of recent transactions for similar assets in the same industry in the same geographical region.

2.13 Impairment of investment in associates, property and equipment and intangible assets

At each consolidated statement of financial position date, the Group reviews the carrying amounts of its investment in associates, property and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in income unless the relevant asset is carried at a revalued amount in which case the reversal of the impairment loss is recognised in the revaluation surplus.

2.14 Leases

At inception of a contract, the Group assesses whether the contract is a lease. A contract is a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. If the contract is identified as a lease, the Group recognises a right-of-use asset representing right to use the underlying asset and a lease liability to make the lease payments at the lease commencement date.

Payments associated with leases of short-term leases and low-value assets are recognized on a straight-line basis as an expense in the consolidated statement of profit or loss.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are also subject to impairment.

Lease Liability

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

2.15 Foreign currencies

The functional currency of an entity is the currency of the primary economic environment in which it operates and in the case of the Parent Company it is the Kuwaiti Dinar and in the case of subsidiaries it is their respective national currencies or the applicable foreign currency. Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the consolidated statement of financial position date are translated to Kuwaiti Dinars at the rates of exchange prevailing on that date. Resultant gains and losses are taken to the consolidated statement of profit or loss.

The income and cash flow statements of foreign operations are translated into the Parent Company's reporting currency at average exchange rates for the year and their statement of financial position are translated at exchange rates ruling at the year-end.

Exchange differences arising from the translation of the net investment in foreign operations (including goodwill, long-term receivables or loans and fair value adjustments arising on business combinations) are taken to the consolidated statement of profit or loss and other comprehensive income.

When a foreign operation is sold, any resultant exchange differences are recognized in the consolidated statement of profit or loss as part of the gain or loss on sale.

2.16 Revenue recognition

Revenue is recognised on a time proportion basis as and when the performance obligations are satisfied. Fees received/billed in advance are deferred and are taken to the consolidated statement of profit or loss when the related service is provided.

Interest income is accrued on a time basis with reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

2.17 Post-employment benefits

The Group provides post-employment benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

With respect to its national employees, the Group also makes contributions to a Government scheme calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

2.18 Treasury shares

Treasury shares consist of the Parent Company's own shares that have been issued, subsequently reacquired by the Parent Company and not yet reissued or cancelled. The treasury shares are accounted for using the cost method. Under the cost method, the weighted average cost of the shares reacquired is charged to a contra equity account. When the treasury shares are reissued, gains are credited to a separate account in equity (gain on sale of treasury shares), which is not distributable. Any realised losses are charged to the same account to the extent of the credit balance in that account. Any excess losses are charged to retained earnings then to reserves. Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of reserves, retained earnings and the gain on sale of treasury shares account. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

2.19 Provisions for liabilities

Provisions for liabilities are recognised, when, as a result of past events it is probable that an outflow of economic resources will be required to settle a present legal or constructive obligation; and the amount can be reliably estimated.

2.20 Contingencies

Contingent assets are not recognised as an asset till realization becomes virtually certain. Contingent liabilities are not recognized as a liability unless as a result of past events it is probable that an outflow of economic resources will be required to settle a present, legal or constructive obligation; and the amount can be reliably estimated.

2.21 Segment reporting

Operating segments are identified on the basis of internal reports that are regularly reviewed by the decision makers in order to allocate resources to the segments and to assess their performance. Such operating segments are classified as either business segments or geographical segments.

A business segment is a distinguishable component of the Group that is engaged in providing products or services, which is subject to risks and returns that are different from those of other segments.

A geographic segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment which is subject to risks and returns different from those of segments operating in other economic environments.

3. Subsidiaries

The principal subsidiaries of the Parent Company are:

Subsidiary	Country of incorporation	Direct ownership %		Indirect ownership %		Principal activity
		2021	2020	2021	2020	
Al-Arabia Educational Enterprises Company K.S.C. (Closed) and its subsidiaries	Kuwait	99.85	99.85	0.15	0.15	Establishment and operation of University & college
Track Learning Solutions Co. W.L.L.	Kuwait	1	1	99	99	Computer programming, advertisement publication and distribution and selling and purchasing of shares and bonds for company interest only
Humansoft Free Zone - L.L.C.	U.A.E.	100	100	-	-	Technology, e-commerce & media

The financial statements of the above subsidiaries are consolidated into the Group, using the aggregate of the direct and indirect ownership.

4. Cash and cash equivalents

	Kuwaiti Dinars	
	2021	**2020**
Cash on hand	19,165	20,704
Balances with banks	11,613,555	15,368,560
Term deposits with bank	73,000,000	58,500,000
Cash and bank balances	**84,632,720**	**73,889,264**
Less: Margin deposits with banks whose original maturity period exceeds three months from the date of acquisition, included above	(34,689)	(57,221)
Less: Restricted balances	(568,074)	(482,513)
Less: Term deposits with bank whose original maturity period exceeds three months from the date of acquisition, included above	(73,000,000)	(56,500,000)
Cash and cash equivalents in the consolidated statement of cash flows	**11,029,957**	**16,849,530**

Term deposits are denominated in Kuwaiti Dinars and are placed with a local bank carrying an effective rate of interest of 2.36% (2020: 2.20%) per annum.

As at the consolidated statement of financial position date, the undrawn bank overdraft facilities amounted to KD 6,000,000 (2020: KD 2,750,000).

Margin deposits with banks are held against letters of guarantee facilities from local commercial banks.

Restricted balance represents cash with a bank restricted for dividend payments to the shareholders and margin money deposits for Letter of Guarantees issued by the banks.

Bank balances are held in current accounts with banks incorporated in Kuwait and other GCC countries. Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the Central Bank of the respective countries. Accordingly, the management of the Group estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 month ECL. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the banks, the management of the Group have assessed that the impairment amount is immaterial, and hence have not recorded any loss allowances on these balances.

The carrying amounts of the Group's cash and bank balances are denominated in the following currencies:

	Kuwaiti Dinars	
	2021	**2020**
KD	83,872,119	72,948,953
UAE Dirham	548,871	750,012
Other currencies	211,730	190,299
	84,632,720	**73,889,264**

5. Trade and other receivables

	Kuwaiti Dinars	
	2021	**2020**
Trade receivables	20,604,169	27,656,971
Less: Provision for ECL	(783,619)	(704,240)
	19,820,550	26,952,731
Advance to suppliers	366,081	134,379
Staff receivables	105,859	13,898
Refundable deposits	83,861	85,062
Prepaid expenses and other receivables	1,271,527	1,287,924
	21,647,878	**28,473,994**

	Kuwaiti Dinars					
	31 December 2021			31 December 2020		
Ageing buckets	Estimated total gross carrying amount at default	Expected credit loss rate	Lifetime ECL	Estimated total gross carrying amount at default	Expect-ed credit loss rate	Lifetime ECL
	KD	%	KD	KD	%	KD
< 30 days	-	-	-	17,620	1.22	215
31 – 60 days	34,090	2.75	937	26,691,746	0.18	48,992
61 – 90 days	-	-	-	78,467	60.97	47,845
> 90 days	20,570,079	3.80	782,682	869,138	69.86	607,188
	20,604,169		**783,619**	**27,656,971**		**704,240**

Trade receivables which are due for more than 90 days include an amount of KD 18,610,950 (2020: included between 31 to 60 days KD 24,912,229) receivable from a government institution in Kuwait. The Group does not hold any collateral over these balances. Receivables from government Institution in Kuwait are subject to ECL only if these are due for more than 365 days as there is no history of default and considering Kuwait sovereign rating. As at 31 December 2021 (31 December 2020: nil), there are no balances due from government institution in Kuwait which is due for more than one year.

The average credit period granted to customers is 60 days. No interest is charged on the trade receivables which are overdue.

The Group always measures the loss allowance for impairment for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

For risk profiling purpose, the Group has segregated its trade and other receivables portfolio into three subgroups namely: 'receivables from Government related entities', 'receivables from corporates' and 'receivables from individuals'.

The following table shows the movement in lifetime ECL that has been recognised for trade and other receivables in accordance with the simplified approach set out in IFRS 9.

Movement of the Group's provision for ECL on trade receivables is as follows:

	Kuwaiti Dinars			
	2021			
	Receivables from Government related entities	**Receivables from corporates**	**Receivables from individuals**	**Total**
Balance at beginning of the year	-	30,668	673,572	704,240
Net ECL charge/(reversal)	1,674	(8,431)	86,168	79,411
Foreign currency translation effect	(2)	(30)	-	(32)
Balance at the end of the year	**1,672**	**22,207**	**759,740**	**783,619**

	Kuwaiti Dinars			
	2020			
	Receivables from Government related entities	**Receivables from corporates**	**Receivables from individuals**	**Total**
Balance at beginning of the year	12,870	27,640	542,417	582,927
Net ECL charge/(reversal)	(742)	7,871	131,154	138,283
Written off during the year	(12,307)	(4,949)	-	(17,256)
Foreign currency translation effect	179	106	1	286
Balance at the end of the year	-	**30,668**	**673,572**	**704,240**

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	Kuwaiti Dinars	
	2021	**2020**
KD	22,216,670	28,951,163
UAE Dirham	39,743	97,703
Other currencies	175,084	129,368
	22,431,497	**29,178,234**

The other classes within trade and other receivables are neither past due nor impaired.

6.Related party transactions

Related parties comprise major shareholders and executive officers of the Group, their families and companies of which they are the principal owners. The Group enters into transactions with related parties on pricing policies and terms approved by the Group's management.

The related party transactions included in these consolidated financial statements are as follows:

	Kuwaiti Dinars	
	2021	**2020**
Compensation of key management personnel		
Short-term benefits	566,944	714,744
Post-employment benefits	34,439	45,890
	601,383	**760,634**

7. Investment in associates

Details of the major investment in associated companies at 31 December are as follows:

Name of associate	Place of incorporation and operation	Proportion of ownership interest 2021	Proportion of ownership interest 2020	Principal activity
New Horizons Computer Training Company W.L.L.	Qatar	40%	40%	Training and Career Development Programs
Al Arabia Training Company W.L.L.	Qatar	40%	40%	English Training

Both the above associates are under liquidation.

Summarized financial information in respect of New Horizons Computer Training Company W.L.L.is set out below:

	Kuwaiti Dinars	
	2021	**2020**
Current assets	550,228	581,026
Total assets	550,228	581,026
Current liabilities	26,618	40,128
Total liabilities	26,618	40,128
Net assets	523,610	540,898
Group’s share of net assets	209,444	216,359
Total carrying value in Group’s consolidated financial statements	**209,444**	**216,359**
Total revenue	-	**284,444**
Loss for the year	**(16,925)**	**(121,158)**
Group’s share of results	**(6,770)**	**(48,463)**

Summarized financial information in respect of Al Arabia Training Company W.L.L.is set out below

	Kuwaiti Dinars	
	2021	**2020**
Current assets	841,733	854,731
Total assets	841,733	854,731
Current liabilities	20,976	26,066
Total liabilities	20,976	26,066
Net assets	820,757	828,665
Group's share of net assets	328,303	331,466
Total revenue	-	114,974
Loss for the year	(7,462)	(84,167)
Group's share of results	(2,985)	(33,667)

8. Right-of-use assets

Group as a Lessee

The right of use assets represents the lease contract for total of 261,190 Sq. meter of land leased by American University of the Middle East and American College of the Middle East from Kuwait Government.

	Kuwaiti Dinars	
	2021	**2020**
Balance at the beginning of the year	934,968	1,049,789
Amortisation expense	(114,821)	(114,821)
Balance at the end of the year	820,147	934,968

9. Property and Equipment

	Kuwaiti Dinars							
	Freehold land	**Building and leasehold land improvements**	**Computers and peripherals**	**Furniture, fixtures and decoration**	**Equipment**	**Library Books**	**Capital work in progress ("CWIP")**	**Total**
Cost								
Balance as at 31 December 2019	5,297,030	55,451,806	2,023,190	2,298,109	3,396,328	89,292	1,950,070	70,505,825
Additions	-	-	76,125	81,733	97,773	-	99,914	355,545
Transfers from CWIP	-	-	-	103,791	504,145	-	(607,936)	-
Disposals	-	-	(134,914)	(163,127)	(47,635)	-	-	(345,676)
Written off	-	-	-	-	-	-	(286,915)	(286,915)
Exchange adjustments	-	1	1,858	2,158	688	(3)	-	4,702
Balance as at 31 December 2020	**5,297,030**	**55,451,807**	**1,966,259**	**2,322,664**	**3,951,299**	**89,289**	**1,155,133**	**70,233,481**
Additions	-	-	53,325	42,070	116,738	-	217,836	429,969
Transfers from CWIP	-	481,474	-	-	-	-	(481,474)	-
Disposals	-	-	(72,050)	(155,759)	(31,266)	-	-	(259,075)
Written off	-	-	-	-	-	-	(84,925)	(84,925)
Exchange adjustments	-	-	(16)	(92)	(4)	-	-	(112)
Balance as at 31 December 2021	**5,297,030**	**55,933,281**	**1,947,518**	**2,208,883**	**4,036,767**	**89,289**	**806,570**	**70,319,338**
Accumulated depreciation and impairment losses								
Balance as at 31 December 2019	-	12,797,949	1,848,449	1,837,632	2,381,975	83,179	-	18,949,184
Charge for the year	-	2,694,547	133,505	440,914	778,578	5,994	-	4,053,538
Provision for impairment	-	-	6,970	6,749	8,364	-	-	22,083
Disposals	-	-	(134,161)	(157,494)	(46,507)	-	-	(338,162)
Exchange adjustments	-	1	1,810	1,881	639	-	-	4,331
Balance as at 31 December 2020	-	**15,492,497**	**1,856,573**	**2,129,682**	**3,123,049**	**89,173**	-	**22,690,974**
Charge for the year	-	3,222,855	73,570	148,209	456,674	-	-	3,901,308
Disposals	-	-	(71,878)	(155,701)	(31,219)	-	-	(258,798)
Exchange adjustments	-	-	(17)	(87)	(4)	-	-	(108)
Balance as at 31 December 2021	-	**18,715,352**	**1,858,248**	**2,122,103**	**3,548,500**	**89,173**	-	**26,333,376**
Carrying amount								
As at 31 December 2021	**5,297,030**	**37,217,929**	**89,270**	**86,780**	**488,267**	**116**	**806,570**	**43,985,962**
As at 31 December 2020	**5,297,030**	**39,959,310**	**109,686**	**192,982**	**828,250**	**116**	**1,155,133**	**47,542,507**

The freehold land is under registered mortgage to secure the long-term debt amounting to KD 4,721,723 (2020: KD 10,879,265) (See note 14).

10. Intangible assetst

	Kuwaiti Dinars						
	Goodwill	University & college licenses	Computer diploma programs, software, systems and curricular	Franchise	Trade mark, key money, and brand	Capital work in progress ("CWIP")	Total
Cost							
Balance as at 31 December 2019	1,819,148	6,752,000	1,299,995	144,935	124,557	58,139	10,198,774
Additions	-	-	40,256	-	-	3,806	44,062
Transfers from CWIP	-	-	9,101	-	7,000	(16,101)	-
Exchange adjustments	3,304	-	47	20	80	(1)	3,450
Balance as at 31 December 2020	1,822,452	6,752,000	1,349,399	144,955	131,637	45,843	10,246,286
Additions	-	-	73,099	-	1,500	16,965	91,564
Transfers from CWIP	-	-	-	-	4,944	(4,944)	-
Write off	-	-	-	-	-	(1,227)	(1,227)
Disposals	-	-	-	-	(2,739)	-	(2,739)
Exchange adjustments	-	-	-	-	(35)	-	(35)
Balance as at 31 December 2021	**1,822,452**	**6,752,000**	**1,422,498**	**144,955**	**135,307**	**56,637**	**10,333,849**
Accumulated amortisation and impairment losses							
Balance as at 31 December 2019	1,552,500	-	1,131,368	140,523	92,394	-	2,916,785
Charge for the year	-	-	113,805	2,621	7,397	-	123,823
Provision for impairment	269,952	-	1,975	1,820	1,636	-	275,383
Exchange adjustments	-	-	45	(9)	52	-	88
Balance as at 31 December 2020	**1,822,452**	-	**1,247,193**	**144,955**	**101,479**	-	**3,316,079**
Charge for the year	-	-	71,719	-	6,028	-	77,747
Disposals	-	-	-	-	(2,739)	-	(2,739)
Exchange adjustments	-	-	1	-	(5)	-	(4)
Balance as at 31 December 2021	**1,822,452**	-	**1,318,913**	**144,955**	**104,763**	-	**3,391,083**
Carrying amount							
As at 31 December 2021	-	**6,752,000**	**103,585**	-	**30,544**	**56,637**	**6,942,766**
As at 31 December 2020	-	**6,752,000**	**102,206**	-	**30,158**	**45,843**	**6,930,207**

The Group tests for impairment of its intangible assets with indefinite life annually or more frequently if there are indications that they might be impaired.

University & college licenses

University & college licenses represent intangible assets with indefinite useful lives. These represent the value of the various university & college licenses of Al Arabia Educational Enterprises Company K.S.C. (Closed)(a subsidiary of the Parent Company). Management has determined that these licenses have an indefinite useful life as they have no specified expiry period and the university & college is expected to continue its operations for the foreseeable future.

The recoverable amounts of these licenses are determined based on the value in use method. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to revenues and direct costs during the period. Management estimates discount rates using rates that reflect current market assessments of the time value of money and the risks specific to the cash generating units. The growth rates are based on university and college growth forecasts. Changes in revenues and direct costs are based on projections of future changes in the operations of the entity.

The Group has performed a sensitivity analysis by varying the above input factors by a reasonably possible margin and assessing whether the change in input factors results in the university & college licenses being impaired. These calculations use pre-tax cash flow projections based on financial projections covering a five year period. The recoverable amount so obtained was significantly above the carrying amount of the CGUs.

The key assumptions used in the estimation of value in use were as follows:

	2021	2020
Discount Rate	10.88%	10.81%
Growth Rate	2.5%	2.5%

11. Accruals and other liabilities

	Kuwaiti Dinars	
	2021	**2020**
Staff payables	990,828	1,293,213
Accrued expenses	1,202,402	982,016
Advance from customers / students	65,789	84,660
Others	3,651,405	2,402,166
	5,910,424	**4,762,055**

12. Lease liabilities

	Kuwaiti Dinars	
	2021	**2020**
Balance at the beginning of the year	944,284	1,038,642
Accretion of interest	56,657	62,318
Discount on lease payments	(65,282)	-
Payments	(91,394)	(156,676)
Balance at the end of the year	**844,265**	**944,284**
Current	207,332	213,333
Non-current	636,933	730,951
	844,265	**944,284**

13.Deferred income

This represents fees received/billed in advance to be recognized as revenue as and when the service is rendered.

14. Long-term debts

	Kuwaiti Dinars	
	2021	**2020**
Current portion	2,400,000	6,157,542
Non-current portion	2,321,723	4,721,723
	4,721,723	**10,879,265**

Long-term debt represents term loan from a local bank amounting to KD 4,721,723 (31 December 2020: KD 7,121,723) that is repayable by 15 June 2024.

The above loan of KD 4,721,723 (2020: KD 10,879,265) is secured by mortgage of freehold land with a carrying value of KD 5,297,030 (2020: KD 5,297,030) included in property and equipment (See note 9). The above loan carried an effective interest rate of 3% (2020: 3.75%) per annum.

Term loans from a local bank amounting to KD 2,812,218 and KD 945,324 were repaid during the year.
As at the consolidated statement of financial position date, the undrawn long-term debts amounted to KD 1,278,277 (2020: KD 2,983,235).

15. Share capital

Share capital comprises of 122,236,800 authorised and issued shares of 100 fils (2020: 122,236,800 shares of 100 fils) each fully paid in cash.

16. Statutory reserve

As required by the Companies Law No. 1 of 2016 and its executive regulations, as amended, and the Parent Company's Articles of Association, as amended, 10% of the profit before KFAS, NLST, Zakat and Directors' remuneration is to be transferred to statutory reserve, until it exceeds 50% of the paid up share capital. This reserve can be utilized only for distribution of a maximum dividend of 5% of the paid up share capital in years when retained earnings are inadequate for this purpose. The Parent Company has discontinued further transfers to statutory reserve as it has exceeded 50% of the paid up share capital.

17. Voluntary reserve

In accordance with the Parent Company's Articles of Association, as amended, 10% of the profit before KFAS, NLST, Zakat and Directors' remuneration is required to be transferred to voluntary reserve unless the shareholders decide to discontinue the transfer. There are no restrictions on distributions from the voluntary reserve. The Board of Directors have proposed to discontinue transfer to voluntary reserve. This is subject to approval of the shareholders in the Annual General Meeting.

18. Treasury shares and treasury shares reserve

	2021	**2020**
Number of shares held	582,448	582,448
As a percentage of issued shares	0.48%	0.48%
Market value (KD)	**1,877,812**	**2,212,720**

An amount equivalent to the cost of purchase of the treasury shares have been earmarked as non-distributable from statutory reserve, share premium, treasury shares reserve and retained earnings throughout the holding period of treasury shares. The balance in the treasury share reserve account is not available for distribution.

19. Cost of operations

	Kuwaiti Dinars	
	2021	**2020**
Staff salaries and related costs	14,498,196	14,211,449
Facilities costs	101,771	299,555
Material costs	240	157,579
Others	2,392	3,729
	14,602,599	**14,672,312**

20. General and administrative expenses

	Kuwaiti Dinars	
	2021	**2020**
Staff salaries and related costs	4,759,159	4,598,371
Facilities costs	2,121,430	1,669,015
Depreciation and amortisation	4,093,876	4,292,182
Other administration expenses	3,203,779	3,241,447
	14,178,244	**13,801,015**

21. Selling expenses

	Kuwaiti Dinars	
	2021	**2020**
Advertising and sales promotion	1,973,085	1,619,307
Staff salaries and related costs	18,060	192,784
Net expected credit loss	79,411	138,283
Other selling expenses	120,539	108,538
	2,191,095	**2,058,912**

22. Contribution to KFAS

This represents contribution to the Kuwait Foundation for Advancement of Science ("KFAS") computed at 1% of profit for the year after transfer to statutory reserve and set off of accumulated losses brought forward. Provision for contribution to KFAS for the year is KD 663,457 (2020: KD 409,448) which represents KFAS payable of Al Arabia Educational Enterprises Company K.S.C. (Closed).

23. National labour support tax ("NLST")

This is computed at 2.5% of profit for the year after transfer to statutory reserve.

24. Zakat

Zakat represents tax payable to Kuwait's Ministry of Finance under Zakat Law No. 46 of 2006.

25. Basic and diluted earnings per share

Basic and diluted earnings per share is calculated as follows:

	Kuwaiti Dinars	
	2021	**2020**
Profit for the year	62,573,616	37,499,009

	Shares	
Number of shares outstanding:		
Weighted average number of paid up shares	122,236,800	122,236,800
Less: Weighted average number of treasury shares outstanding	(582,448)	(582,448)
Weighted average number of outstanding shares	121,654,352	121,654,352
Basic and diluted earnings per share (fils)	**514**	**308**

26. Segmetnt information

Primary segment information – business segments:

All of the segment revenue reported below is from external customers. For the purpose of segment reporting, the Parent Company's management has grouped its activities into the following business segments:

a) Higher Education
b) Others

Segment results include revenues and expenses directly attributable to a segment. There are no significant inter-segment transactions.

Segment information by business segments is as follows:

	Kuwaiti Dinars		
	Higher education	Others	Total
2021			
Segment revenues- point over time	95,622,523	256,618	95,879,141
Segment expenses	(27,143,098)	(2,838,357)	(29,981,455)
Depreciation and amortisation	(4,052,228)	(41,648)	(4,093,876)
Write off of property and equipment and intangible assets	(86,152)	-	(86,152)
Finance charges	(276,002)	(771)	(276,773)
Share of loss of associates	-	(9,755)	(9,755)
Other income	1,063,259	79,227	1,142,486
Profit/(loss) for the year	**65,128,302**	**(2,554,686)**	**62,573,616**
Assets			
Segment total assets	**148,229,140**	**10,343,199**	**158,572,339**
Liabilities			
Segment total liabilities	**23,866,727**	**2,875,141**	**26,741,868**

	Kuwaiti Dinars		
	Higher education	**Others**	**Total**
2020			
Segment revenues- point over time	67,479,073	1,047,231	68,526,304
Segment expenses	(24,460,571)	(3,308,578)	(27,769,149)
Depreciation and amortisation	(4,200,422)	(91,760)	(4,292,182)
Write off of property and equipment and intangible assets	-	(297,466)	(297,466)
Finance charges	(248,726)	(88,767)	(337,493)
Share of loss of associates	-	(82,130)	(82,130)
Other income	1,468,437	282,688	1,751,125
Profit/(loss) for the year	**40,037,791**	**(2,538,782)**	**37,499,009**
Assets			
Segment total assets	**123,682,574**	**34,641,581**	**158,324,155**
Liabilities			
Segment total liabilities	**37,785,451**	**2,616,504**	**40,401,955**

Segment revenue above represents income generated from external customers. There was no inter-segment income during the year (2020: nil).

Segment profit represents the profit earned by each segment. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Information about major customers

Revenues include an amount of KD 89,218,092 (2020: KD 62,122,839) from a Government institution in Kuwait.

27. Commitments and contingent liabilities

	Kuwaiti Dinars	
	2021	**2020**
Commitments		
Capital commitments for construction	54,411	246,412
Contingent liabilities		
Letters of guarantee	1,481,893	1,674,918

28. Financial risk management

The Group's financial assets have been classified as "amortised cost" and fair value through other comprehensive Income "FVOCI" and all the financial liabilities have been classified as "other than at fair value through profit or loss".

Financial risk factors

The Group's use of financial instruments exposes it to a variety of financial risks such as market risk, credit risk and liquidity risk. The Group continuously reviews its risk exposures and takes measures to limit it to acceptable levels. The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework and developing and monitoring the risk management policies. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Group's activities.

The Group's Board of Directors oversees how management monitors compliance with the risk management policies and procedures and reviews adequacy of the risk management framework in relation to the risks faced by the Group. The significant risks that the Group is exposed to are discussed below:

a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price. Market risk comprises of three types of risks: currency risk, interest rate risk and equity price risk.

(i) Currency risk

Currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is exposed to foreign exchange risk as a result of foreign exchange gains / losses on translation of foreign currency denominated assets and liabilities such as trade receivables and payables.

The Group's exposure to currency risk is minimal as the Group's financial instruments denominated in foreign currencies are not material.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises from short-term bank deposits and bank borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group manages interest rate risk by monitoring interest rate movements and by borrowing at market linked interest rates.

At 31 December 2021, if interest rates at that date had been 100 basis points higher/lower with all other variables held constant, consolidated profit for the year would have been lower/higher by KD 47,217 (2020: KD 476,207).

iii) Equity price risk

Equity price risk is the risk that the fair values of equities will fluctuate as a result of changes in the level of equity indices or the value of individual share prices. Equity price risk arises from the change in fair values of equity investments. The Group manages the risk through diversification of investments.

The Group is not exposed to equity price risk as it does not have any investment marked to market.

b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a financial loss. Financial assets, which potentially subject the Group to credit risk, consist principally of bank balances and trade and other receivables. The Group manages this risk by placing its bank balances with high credit rated institutions. Credit risk with respect to trade receivables is limited due to dispersion across large number of customers. The Group considers the credit quality of amounts that are neither past due nor impaired to be good.

As at 31 December 2021, 90% (2020: 90%) of the total trade receivables is due from a Government institution (See notes 5 and 26). Accordingly, COVID-19 did not have a material impact on the credit risk of the Group.

Maximum exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the consolidated statement of financial position date was:

	Kuwaiti Dinars	
	2021	**2020**
Bank balances	84,613,555	73,868,560
Trade and other receivables	20,010,270	27,051,691
	104,623,825	**100,920,251**

For more information refer to Notes 4 and 5. Past due but not impaired financial assets are disclosed in note 5. None of the other financial assets are past due or impaired.

(c) Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its funding requirements. The Group manages this risk by maintaining sufficient cash and bank balances and availability of funding from committed credit facilities and borrowings. The Parent Company's Board of Directors increases capital or borrowings based on ongoing review of funding requirements.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Kuwaiti Dinars			
	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
At 31 December 2021				
Financial liabilities				
Trade and other payables	738,921	-	-	-
Accruals and other liabilities	5,844,635	-	-	-
Retentions payable	282,076	-	-	-
Long-term debts	2,400,000	2,353,432	-	-
Lease liabilities	156,676	156,676	470,028	277,753
	9,422,308	**2,510,108**	**470,028**	**277,753**
Contingent liabilities				
Letters of guarantee	1,080,893	400,000	1,000	-
Commitments				
Capital commitments for construction	54,411	-	-	-

	Kuwaiti Dinars			
	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
At 31 December 2020				
Financial liabilities				
Trade and other payables	552,794	-	-	-
Accruals and other liabilities	4,677,395	-	-	-
Retentions payable	260,182	-	-	-
Long-term debts	6,157,542	2,505,870	2,353,432	-
Lease liabilities	156,676	156,676	470,028	434,429
	11,804,589	**2,662,546**	**2,823,460**	**434,429**
Contingent liabilities				
Letters of guarantee	1,469,398	205,520	-	-
Commitments				
Capital commitments for construction	246,412	-	-	-

Fair value of financial instruments

The carrying amounts of financial assets and financial liabilities that are liquid or having a short term maturity approximate their fair value.

29. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide return on investment to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy in the current year remains unchanged from previous year.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash equivalents. Total capital is calculated as equity (as shown in the consolidated statement of financial position) plus net debt.

As at 31 December 2021, the Group is not geared (2020: not geared).

30. Dividend distribution

Proposed dividend – 2021

The Board of Directors, subject to the approval of shareholders, have recommended distribution of cash dividend of 400 fils per share (2020: 400 fils per share). The cash dividend shall be payable to the shareholders after obtaining the necessary regulatory approvals.

31. Annual General Meeting

The Shareholders' annual general meeting (AGM) held on 13 April 2021 approved the audited consolidated financial statements of the Group for the year ended 31 December 2020. Dividend of 400 fils per share was approved by shareholders in the AGM for the year ended 31 December 2020 (2019: nil). Directors' remuneration of KD 200,000 for the year ended 31 December 2020 (2019: KD nil) was approved by shareholders in the AGM.

32. Critical accounting judgements and key sources of estimation uncertainty

While applying the accounting policies as stated in note 2, management of the Group has made certain judgments, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period of the revision in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the management of the Group have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in consolidated financial statements.

Significant increase in credit risk

As explained in note 2, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

Contingent liabilities

Contingent liabilities are potential liabilities that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Provisions for liabilities are recorded when a loss is considered probable and can be reasonably estimated. The determination of whether or not a provision should be recorded for any potential liabilities is based on management's judgment.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Calculation of loss allowance

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Impairment of tangible and intangible assets and useful lives

The Group's management tests annually whether tangible and intangible assets have suffered impairment in accordance with accounting policies stated in note 2. The recoverable amount of an asset is determined based on value-in-use method. This method uses estimated cash flow projections over the estimated useful life of the asset discounted using market rates.

The Group’s management determines the useful lives and related depreciation and amortisation charge. The depreciation and amortisation charge for the year will change significantly if actual life is different from the estimated useful life of the asset.

33. Impact of COVID-19

The outbreak of COVID-19 pandemic across the globe has caused disruption to business and economic activities and uncertainties in the global economic environment. Management assessed the impact of the pandemic on the significant estimates and judgements applied by them in arriving at the Group's reported amounts of financial and non-financial assets as of 31 December 2021. Management also assessed that the Group has adequate liquidity to settle its current liabilities. COVID-19 did not have any material impact on the Group.

34. Comparative figures

Certain prior year amounts have been reclassified to conform to current year presentation with no effect on net profit or equity.