

Date: 16<sup>th</sup> May 2023

التاريخ: 16 مايو 2023

M/S . / Boursa Kuwait Company

المحترمين

السادة/ شركة بورصة الكويت

Greetings,

تحية طيبة وبعد،،

**Subject: Analysts/Investors Conference minutes  
for the first Quarter of 2023**

**الموضوع: محضر مؤتمر المحللين/المستثمرين للربع الأول  
من العام 2023**

With reference to the aforementioned subject, and to our letter sent to you on 11/05/2023, kindly find attached the minutes of the analysts / investors conference for the first quarter of 2023.

بالإشارة إلى الموضوع أعلاه، وإلى كتابنا المرسل لكم بتاريخ 2023/05/11، نرفق لكم محضر مؤتمر المحللين/المستثمرين عن الربع الأول لعام 2023.

Yours Sincerely,

وتفضلوا بقبول فائق الإحترام،،،

دلال حسن السبتي

رئيس مجلس الإدارة

**Dalal Hasan Al Sabti  
Chairperson of the Board of Directors**

**Company:** Humansoft Holding Company

**Conference Title:** Humansoft Q1 2023 results conference call (Edited Transcript)

**Date:** Thursday, 11 May 2023

**Time:** 3 pm (Kuwait time)

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**Hatem Alaa** Hello everyone. This is Hatem Alaa from EFG Hermes. And welcome to Humansoft's first quarter 2023 results call. I'm pleased to have on the call today, from Humansoft, Mayank Baxi, board member, and Anup Dhand, CFO. We'll start by some comments from management and then we'll open the floor for Q&A. As an initial reminder, to ask a question, you can either type it in the Q&A chat box or you can click on the raise hand button and I'll unmute your line. Gentlemen, please go ahead.

**Mayank Baxi** Hello, everybody. Welcome to Humansoft Q1 2023 results conference call. I hope you all and your loved ones are keeping safe. Thank you, team at EFG, for facilitating this call. I'm Mayank Baxi, board member at Humansoft. And along with our CFO, Mr Anup Dhand, together, we would like to briefly mention some of the key highlights of Q1 2023 and then run through the Q1 2023 financial highlights. And at the end, we shall leave the floor open for questions and answers.

At the outset, I would like to mention that any forward-looking statements or views discussed during this call are subject to risks and uncertainties that may cause the actual results to differ. Humansoft does not assume any obligation to update such views or statements, nor make any announcements regarding any revised circumstances.

As always, Humansoft remains focussed on the growth strategy, which is founded on two main pillars, protecting and preserving our existing academic achievements and leadership in the market by enhancing qualitatively on all fronts. And cautiously and carefully grow organically by way of introducing new majors from time to time, which is based on deep research and future requirements of industry and at the same time, enhancing overall profitability with well-managed growth plans.

Coming to some of the non-financials key event highlights and achievements of Q1 2023,

AUM hosted the global symposium for entrepreneurship educators, MENA Region Edition, in collaboration with Babson College in January of 23.

AUM hosted the QS Higher Education Summit: Middle East & Africa 2023 in March of 2023.

Kuwait Top Entrepreneurs 2023 Forum by Forbes Middle East and Qabas, in collaboration with AUM, was held in March of 2023.

Over a one-week period, AUM and ACM communities gathered to celebrate the success of their graduates at the AUM Cultural Centre.

Several events for students, faculty and staff were organised during the spring of 2023, resulting in a vibrant campus life.

All these initiatives and achievements enable AUM and ACM to remain as the institution of first choice. At the same time, enable them to be robust to withstand challenges that may arise in this journey.

Our Q1 2023 results are very much in line with our expectations.

Now I would like to invite Mr Anup Dhand, CFO of Humansoft Holding, to give a brief about Q1 2023 financial highlights.

**Anup Dhand** Thank you, Mr Baxi. And a good afternoon to all the attendees. I'm Anup Dhand, CFO of Humansoft. And I would like to present the financial highlights for Q1 2023.

We would like to reiterate that our academic calendar is now back to normal. And this is the last quarter where we see the impact due to the changes in the academic calendar in comparison of quarterly results. And therefore, Q1 2023 and Q1 2022 are not comparable.

During Q1 2023, 20% of the fall revenue was recognised. Whereas during Q1 2022, recognition was for 25% of the fall revenue.

Q1 2023 revenue of KD 20.5 million was lower by 12%, in comparison with Q1 2022 revenue of KD 23.4 million, mainly due to the revenue recognition and the changes to the academic calendar in Q1 2022.

For more details, you can also refer to the revenue recognition slide on page 17 In our investor presentation.

Q1 2023 EBITDA of KD 11.6 million was lower by 29%, in comparison with Q1 2022 EBITDA of KD 16.3 million.

Q1 2023 net profit of KD 11 million was lower by 27%, compared with KD 15.1 million for Q1 2022.

Net profit margin for Q1 2023 was 54% and EBITDA margin for Q1 2023 was 57%.

The earning per share was 86 fills during Q1 2023 as compared to 118 fills during Q1 2022. Note, this is calculated on increased capital due to issue of bonus shares.

Humansoft had a net cash position of KD 104.3 million as at 31st March 2023.

Total equity was KD 144.8 million as at 31st March 2023. And the annualised return on average equity for Q1 2023 amounted to 32%.

Total assets was KD 178.3 million as at 31st March 2023. And the annualised return on average assets for Q1 2023 amounted to 26%.

Humansoft's fortress balance sheet, high return on average assets and high return on average equity provides protection and resilience and enables Humansoft to withstand stress events like COVID-19.

With this, we now open the floor for questions and answers. We request that you please introduce yourself with your name and the institution you represent when you have any questions. Thank you. Over to you, Hatem.

**Hatem Alaa** Thank you very much, gentlemen. To ask a question. You can either type it in the Q&A chat box or you can click on the raise hand button and unmute your lines. Again, you can either type your question in the Q&A chat box or you can click on the raise hand button. We'll take the first question from the line of Sawsan Ali. Your line is open.

**Sawsan Ali** Just two questions from my end. The first one is on the spike in other admin expenses. What was the reason behind this and will it continue going forward? And my second question, you have now 106 million in cash and hardly any capex. Will management recommend special dividends or at least maintain the 100% payout in FY 23? Thank you.

**Mayank Baxi** Thank you. Regarding administrative expenses, yes, you have seen an increase of about 1.8 million. Out of this, almost a million KD is a one-off, non-recurring expense, which is not going to continue. The other part of the increase that is representative of the fact that Q1 of 2023 is now a normal operation. Whereas in Q1 2022, there was a hybrid mode of delivery. Only to that extent, the expenses that have increased for the various activities and events that take place when you have an on-campus execution. Coming to the cash balance, just to clarify that, yes, 106 million cash balance that you see is as of 31st March 23 and the dividend payout for the 2022 was yet to be deducted from this amount. After all the payouts are done, it will leave around 50 million of cash. And as we have been mentioning earlier, the board takes the view for dividend at the end of the year. And if there is enough and adequate balance and vision about cash flow and requirements, the recommendation on dividend is made.

**Sawsan Ali** Understood. Thank you.

**Hatem Alaa** There is a follow-up question on this in the chat from Abdulaziz Alsughiyr. He's asking about, what are the nature of the one-off expenses in SG&A?

**Mayank Baxi** If you recollect, during the quarter one, there was a major tragedy in Turkey. That was a big earthquake. And in Kuwait, a lot of humanitarian aid and contributions were sent from here through Kuwait Red Crescent Society. And Humansoft, being a very important member of the Kuwait society and community also participated and had contributed towards such a cause.

**Hatem Alaa** Thank you. We'll take the next question from the line of Thomas Mathew. Your line is open. Thomas, we can't hear you. We can't hear you still, Thomas. Maybe you can ask your question in the chat. We'll take, in

the meantime, the next question from the line of Zohaib Pervez from Al Rayan Investment. Your line is open.

**Zohaib Pervez** As I understand, the revenue decline was because of the normalisation of your revenue recognition. And is it possible to tell us what would have been the decline in revenue in case 2021 was a normal year or 2022 was a normal period? Is that possible?

**Mayank Baxi** Sure. Almost two million would have been as a result of the difference in the recognition of revenue, which you'll see in the slide 17, where you can see the comparison of the revenue recognition in the quarter one of this year versus last year. And the remaining would be a combination of factors, such as normally in the Fall semester, there are graduations and then you have a mix of students between AUM, ACM or foundation and undergrad students. Collectively, the total impact is seen there.

**Zohaib Pervez** Thank you. My other question is, could you remind us how many majors are you planning to introduce in this year?

**Mayank Baxi** Now we are at the stage where in a month's time, the academic team will have the final requirement and at the same time, the majors that will be offered for the fall of semester will be announced. Just wait for till second quarter results. By that time, we should have more clarity.

**Zohaib Pervez** Sounds good. Thank you.

**Hatem Alaa** Again, as a reminder, to ask a question, you can either type it in the Q&A chat box or you can click on the raise hand button. and I'll unmute your lines. We have a question from Abdulmohsen Al-Sayegh. What is the number of students you expect to enrol for the coming academic year?

**Mayank Baxi** We have always maintained that we would definitely like to see as much an increased number that we can attract and register. But at the same time, the target or anything of that sort is not what we only aim at. We want to maintain a good balance between the qualitative and quantitative aspect of the students. And therefore, we refrain from making any projections or predictions about how many students that we should be taking in the coming semester. But we will have enough capacity. That should not be a constraint for us.

**Hatem Alaa** There is a question from the line of Abdulaziz Obaidan. Your line is open.

**Abdulaziz Obaidan** Just a quick question, what is your view on the industry as a whole? Are you seeing some turnover of students going abroad? I just want to understand, what is your view? Thank you.

**Mayank Baxi** See, if you look at the trend in the students going abroad, over the years, the number of students going for foreign scholarship has more or less stagnated. It has not increased in the same proportion which the high school graduates have been coming out of the schools. In our view or what we try to conclude out of is that since now there are good facilities available in terms of private universities like us, students have all the options available. Although still, if they want, Kuwait government scholarships are available for them.

And I think the facilities, the quality of education, the rankings, the accreditations that we have at AUM are also attracting those students who otherwise would have been eligible for getting enrolled in any of the foreign universities and also get scholarships for the same. This is what we understand.

**Hatem Alaa** Question from Talal Samhuri, are there any plans to increase tuition fees?

**Mayank Baxi** As of now, we don't have any plans to apply for any fee revision.

**Hatem Alaa** Thank you. Again, as a final reminder, to ask a question, you can either type it in the Q&A chat box or click on the raise hand button. A follow-up from Abdulmohsen Al-Sayegh. Any updates regarding your plans to venture into K to 12?

**Mayank Baxi** That's a long-term plan. As of now, there is no any new update on that.

**Hatem Alaa** Thank you. At the moment, there are no further questions. I'll hand it over to you for any concluding remarks.

**Mayank Baxi** Thank you, everybody, for participating in our Q1 2023 conference call. And have a good day.

**Anup Dhand** Thank you, everyone.

**Hatem Alaa** Thank you, everyone, for your time today. And thank you, gentlemen, for participating in today's call.

**Mayank Baxi** Thank you.

**Anup Dhand** Thank you, Hatem. Thank you.

**Hatem Alaa** Thank you.