

Date: 21st August 2023

التاريخ: 21 أغسطس 2023

M/S . / Boursa Kuwait Company

المحترمين

السادة/ شركة بورصة الكويت

Greetings,

تحية طيبة وبعد،،

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

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

With reference to the aforementioned subject, and to our letter sent to you on 16/08/2023, kindly find attached the minutes of the analysts / investors conference for the second quarter of 2023.

بالإشارة إلى الموضوع أعلاه، وإلى كتابنا المرسل لكم بتاريخ 2023/08/16، نرفق لكم محضر مؤتمر المحللين/المستثمرين عن الربع الثاني لعام 2023.

وتفضلوا بقبول فائق الإحترام،،،

Yours Sincerely,



دلال حسن السبتي
رئيس مجلس الإدارة

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

Company: Humansoft Holding Company

Conference Title: Humansoft Q2 2023 results conference call (Edited Transcript)

Date: Wednesday, 16 August 2023

Time: 1 pm (Kuwait time)

Hatem Alaa Hello, everyone. This is Hatem Alaa, from EFG Hermes, and welcome to Humansoft's second 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 with some comments from management and then open the floor for Q&A. As an initial reminder, to ask a question you can either type it in the Q&A chatbox or you can click on the Raise Hand button. Gentlemen, please go ahead.

Mayank Baxi Hello, everyone. Welcome to the Humansoft Q2 2023 results conference call. I hope all of you and your loved ones are keeping safe. Thank you, team at EFG, for facilitating this call. I'm Mayank Baxi, Board Member at Humansoft, along with our CFO, Mr Anup Dhand, together, we would like to briefly mention some of the key non financial highlights of Q2 2023 and then run through the Q2 2023 financial highlights, and at the end we will 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.

Humansoft continues to focus on preserving and enhancing its academic achievements.

Coming to the non financial key events and highlights during Q2 2023, we are happy to share that for the third time in a row AUM has been ranked the first university in Kuwait by QS World University Rankings 2024. This new ranking places AUM among the 671-680 globally, advancing from the previous position of 701-750 and reaching the top 45% of the performing institutions.

AUM has also been ranked number one university in Kuwait and in the range of 401-600 globally in the overall ranking of THE Impact Rankings 2023 that assesses universities against United Nations' Sustainable Development Goals, SDGs.

AUM Glassee's student team won second place worldwide and first place in the Middle East in the Babson's Global Student Challenge, a global competition by Babson addressing the United Nations' Sustainable Development Goals. The team was selected from 2,200+ students, coming from 22 universities across 17 countries.

AUM Career Fair 2023 and recognition of leading companies through AUM Corporate Award 2023 was held at the AUM campus.

AUM Innovation Fair 2023 and Awards Ceremony recognising students' innovative works was held at the campus.

The sports award ceremony honouring AUM champions in the University Athletics Association of Kuwait League was also held at the AUM campus.

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

Now, I would like invite Mr Anup Dhand, CFO of Humansoft, to give a brief about Q2 2023 financial highlights. Over to you, Mr Anup.

Anup Dhand Thank you, Mr Baxi, and a good afternoon to all the attendees. I am Anup Dhand, CFO of Humansoft, and I would like to present the financial highlights for Q2 2023.

We would like to reiterate the fact that was disclosed on Bursa Kuwait on 30th July 2023 about the provision amount of KD 2,075,955, which was made in Q2 2023 for the fall '22 and the spring '23 semesters due to the unilateral decision of the PUC to decrease library & internet subscription and student activities fees from KD 110 to KD 25. The university and the college have objected to this action and work is underway with the PUC to reach an agreement to correct this. As of now, there are no further updates on the same.

H1 2023 revenue of KD 40.4 million was lower by 9% in comparison with H1 2022 revenue of KD 44.2 million, mainly due to the changes in the academic calendar in Q1 2022 and lower revenue for the spring '23 semester.

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

H1 2023 EBITDA of KD 21.1 million was lower by 28% in comparison with H1 2022 EBITDA of KD 29.5 million.

H1 2023 net profit of KD 19.8 million was lower by 26% compared with KD 27 million for H1 2022.

Net profit margin for H1 2023 was 49% and EBITDA margin for H1 2023 was 52%.

The earnings per share was 155 fils during H1 2023 as compared to 211 fils during H1 2022.

The H1 2023 results in comparison to H1 2022 were impacted mainly due to lower revenue in H1 2023, one-time higher G&A expenses in Q1 2023 and provision made on account of library & internet subscription and the student activities fee from KD 110 to KD 25.

Humansoft had a net cash position of KD 49.3 million as at 30th June 2023.

Total equity was KD 104.9 million as at 30th June 2023 and the annualised return on average equity for H1 2023 amounted to 33%.

Total assets was KD 129.2 million as at 30th June 2023 and the annualised return on average assets for H1 2023 amounted to 28%.

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 and over to you, Hatem.

Hatem Alaa Thank you, gentlemen. To ask a question, you can either type it in the Q&A chatbox or you can click on the Raise Hand button.

Again, you can either type your question in the Q&A chatbox or you can click on the Raise Hand button and I'll unmute your line.

Because we already have a long queue, if I can ask participants to limit their questions to two for the time being. We'll take the first question from the line of Abdulaziz Alsughiyr. Your line is open.

Abdulaziz Alsughiyr I just have a two part question from my side with regards to the ancillary fee reduction and its impact on P&L. First, I think on revenue it seems that ancillary fees were fully accrued in the trading figures and the full amount was provided for during the second quarter which means probably trading revenue was overstated while profitability of the third quarter of last year through first quarter of this year was overstated while the second quarter profitability was probably understated. I just want to confirm my understanding of the accounting first. Then, secondly, if that understanding is correct, I understand that the decision is not final yet, but if we just for the sake of argument accept that this level is final, then the impact would be about KD 160 per student in terms of average to the institution going forward. Are my numbers close to estimate or am I missing something?

Mayank Baxi Thank you, Abdulaziz. The provision was announced and disclosed on 30th July and that was on the basis that just a day or two before PUC sent us the payment for the spring semester after adjusting the KD 110 charge to KD 25 per student. Therefore, it was prudent for us to at least take a provision till the time this matter is resolved and, as you said, the fall and spring semester combined effect is that amount of KD 2.075 million. That implies that, part of the fall semester revenue was included in the 2022 revenue, and so there is an overlap on that front but because this was appearing as receivables and an unpaid amount as of quarter two, therefore we had to take that provision in the financials. Going forward, we are waiting for the matter to be resolved. The matter has been still pending and, as and when that gets resolved, we'll have to take an appropriate decision in the financial reporting. So, until then, we will follow the practice as we have been following if nothing else has been clarified as of the quarter three stage.

Hatem Alaa Thank you. We'll take the next question from the line of Thomas Mathew. Thomas, please go ahead.

Thomas Mathew My first question was on the nursing and nutrition major or the majors that you are set to open for enrolment for this coming fall. I just wanted to know, in terms of enrolment numbers and the terms of that entire course, can we assume that it is like you guided in the past quarters in terms of fees and in terms of the number of credits? Is it similar to what you guided in the past? And how is enrolment looking on that front? The second one is on the total enrolled students just before the fall semester. If you could give that number for this year and compare it with the last year that would be very helpful. Thank you.

Mayank Baxi Thank you, Thomas. As regards the health science majors, the preparations are going on as per our schedule. However, the final release of confirmations and approval from the PUC for ready to commence the offering was not available until we started to enrol the students for the fall of 2023. Hence, in this semester we haven't enrolled any student for the health science majors. We are waiting for that final approval and then we will be able to enrol students. As of now, there are no students enrolled for the health science major. Now, coming to the fall semester, the fall semester for 2023 will begin in September and the summer semester has just ended a couple of days back. We expect, all in all, a total graduation of about 2,700 students during the academic year 2022-2023. The numbers will be more clear in terms of the continuing students as we get closer to the beginning of the fall semester.

Thomas Mathew Mayank, just on the question, I wanted to know more in terms of the number of students before the fall semester. Do you have the number, who are totally enrolled in AUM and ACM combined and if you could give the number?

Mayank Baxi Which fall semester? The fall semester which will begin in September?

Thomas Mathew Prior to the fall semester, before all the enrolments for the fall semester. The number of current enrolled students prior to the fall semester.

Mayank Baxi The numbers must be getting ready but it should be an approximate number right now. As I said, around 2700 total graduating students are there after the summer semester for the entire year. If you have

opening number you can make that adjustment and it will be close to the actual that will begin in fall. If I have to give you a range, it would be anything around 10,600 to 10,700 students as a beginning.

Thomas Mathew Sure. And just to follow-up on the nursing and nutrition health science majors, does that mean that it has to be pushed to the next year for enrolments or does that mean it could happen even in the second half of this year?

Mayank Baxi We are waiting for the final clearance. It's in the last stage and if it came then we will study it, if it is feasible to start, say if we have time to enrol for spring, otherwise it has to be pushed forward. We'll take a view as we get that final approval.

Thomas Mathew All right. Very helpful. Thank you, Mayank.

Mayank Baxi Thank you.

Hatem Alaa We'll take the next question from the line now. Belal Sabbah, your line is open. Go ahead.

Belal Sabbah Hi. Thanks for the call and for the opportunity to ask questions. I had two questions, please. First, with regards to this tuition reduction. How should we think about the other items on the tuition list? Do you see further risk that authorities may decide to lower fees on other items as well? Looking at this decision, assuming the decision is final, how do you see it impacting your dividend policy and do you see a risk to lower your dividends or is it going to remain a priority for you to main the stable 400 fils per share? Thank you.

Mayank Baxi As of now, this reduction in the ancillary charges, there is no indication for any other fees and this has been as we mentioned in the disclosure, this was a unilateral decision and we objected to it and we are following-up. So, we'll have to wait for the outcome. We don't, as of now, see any other reduction or anything coming up but, as of now, that's what it is, that this has come for the internet, library and other student activity fees. Coming to the dividend policy, the dividend will be decided at the year end once we have a complete picture of the profitability, etc. And as we have stated earlier on the dividend, at least a minimum of 70% of the net profit is what we have

said as a policy. Beyond that, as this point we may not be able to comment anything more on the dividend.

Hatem Alaa I'll take the next the question from line of Nishit Lakhotia. Your line is open.

Nishit Lakhotia My question is on the scholarship numbers that have come out for AUM and ACM. It looks like the numbers are lower on a year-on-year basis for AUM. I know it's an initial number, the final intake will be different, but I'm seeing that the allocation to Humansoft is falling and your AUM allocation, in particular, is going down. How does this reflect? Are you concerned? Is it because of increasing options within Kuwait, in terms of other universities that have opened up or there is more competition from the public university? What are the macro dynamics and how do you see this evolving? Are you concerned that overall students will keep falling from these numbers as more students might graduate and less might come in? I wanted to understand this particular aspect. And, secondly, is there a risk to your existing fees also that you are charging to students because with what we've seen on the library side the fees? Can we expect any risk on that front? What are you hearing from the government on that? Thank you.

Mayank Baxi Coming to the scholarship numbers that were announced maybe yesterday, look at it that this is still early stage to come to a conclusion of any total number of enrolled students and that will be clear only at the beginning of the fall semester as has been the case, even in the past. You have to look at it from two perspectives when you are comparing this absolute number, that this year the total high school graduates have been much lower compared with last year and, number two, even if you look at the total scholarships of PUC for all the private universities, there is almost 300 students less number and that is maybe also connected with the total high school graduates. The previous years had an impact of the graduates being higher due to the effect of COVID where there were no paper-based exams. So, this phenomenon may not be correct to interpret the trend.

As of now, we have been attracting good quality students. We have been attracting students for applications in terms of coming to AUM and ACM for applying for their different majors. We are not seeing any drop in our applicants. So, at this stage, it will be not correct to conclude that there has

been a drop in the interest in AUM. We'll take it as it comes but, as mentioned earlier at several occasions, we remain focused on qualitative aspects. Yes, there will be competition, there will be new players and as we have been now almost in operation for over 14 years and with all the international accreditations in place, rankings of our universities are progressing, even internationally, and in Kuwait we have been number one. So, all these factors will remain our focus area to attract the best quality students. And as we have been mentioning, we would like to balance between qualitative and quantitative growth and that philosophy will continue.

As far as your second question, I've already covered it in my previous question about it. As for now, there is no further update on that, so let's leave it at that point of time. We do not have any other indication about the review of any other fees. As of now, this is the reduction that has come in on the library & internet subscriptions and the activity fees.

Nishit Lakhotia Can I just follow-up on this? What you are saying is that the numbers are not going to materially change from the 13,600 levels that you have in the system currently, the inflow and outflow if you match it.

Mayank Baxi I did not say that. Those are not final numbers. We will update them in September.

Nishit Lakhotia Understood. And in terms of deferred income being lower for summer year-on-year, what's your take on that?

Mayank Baxi Again, summer is an optional semester for the students and in summer, it depends on a couple of things, the graduating cycle and students who will continue during the summer here. So, there is a KD 0.5 million difference between the deferred revenue last year versus this year and that could be because less number of students would have opted to take summer classes. In any case, students have to fulfil their graduating credit requirements in their academic plan, so that should be taken care of subsequently.

Nishit Lakhotia Understood. Thank you so much.

Hatem Alaa We'll take the next question from the line of Hyfa Al Abdulhadi, from Alpha Capital. Go ahead. Your line is open.

Hyfa Al Abdulhadi Thank you, gentlemen, for your time. This is Hyfa, from Alpha Capital. I just have two questions. One back on the provision. Now if, let's say, additional fees are set on the new rating, which is KD 25 per student, can we assume a reduction in the total revenue for the second half of this year amounting to KD 4.0 million, similar to what your provisioned for during the first half? And related to that, what's the probability that the scholarship tuitions from government will be reduced, similar to what happened on this announcement on the additional fees? That's my first question.

My second question, if you may allow me, back on the revenue recognition, you mentioned that the first half revenue declined year-on-year given a different base, but on the second quarter itself, the revenue declined by 4.8%, if my memory serves me well, despite the revenue recognition slide, which is 17. It states that you recognised 60% spring revenue, which is exactly similar to the same quarter last year. So, can you elaborate on that as well, please?

Mayank Baxi Going forward, if during quarter three and quarter four, as and when we get clarity about the charges that are to be levied, either revenue will have to be readjusted for the subsequent period or it has to be taken as provision if there is still no clarity or no resolution on it. Now, the calculation will be as KD 85 is the difference per semester, per student and usually the semester is spread over five months, so the revenue that will be impacted for this reduction will be at the rate of KD 85 per student per semester and that will be spread over five months. Now, we will know the exact amount based on the total enrolled students for the fall in September 2023, and thereafter it will be impacted for the rest of the year, from September to December.

Coming to the likely of review of the other student fees, as of now there is no other indication of any such review. This, itself, was a unilateral decision and still not much clear to us. So, we are waiting for clarity and, as we mentioned in our disclosure, we have objected to it and we have represented about it. Your observation about quarter two revenue comes from the fact that in the semester of spring there will be a reduction from the fall because fall semester students will graduate and they will be leaving the institution. So, naturally, in the spring semester there is always a reduction in the revenue. Plus, if you are comparing this with the previous year, then you have to also look at it that a lot of the other factors do play, meaning the student mix between the AUM and

ACM or the student mix between the EPP students versus the undergrad students because the fee of EPP and the undergrad is different. So, this all culminates in a combination resulting to the semester of spring, having a lower revenue.

Hyfa Al Abdulhadi Very clear. Thank you so much.

Mayank Baxi You're welcome.

Hatem Alaa We'll take the next question from the line of Abbas Taha. Your line is open.

Abbas Taha G&A expenses increased by 600,000 and selling expenditures increased by 1.7 million. Can you explain, in the second half of 2023 opposed to 2022, why this increase has happened even though the number of students have decreased by around 0.5%, operating revenue went down by 9%? Also, the cash balances are around KD 50 million. Are they mainly term deposits? If they are, on what rate are they invested? Thank you.

Mayank Baxi The selling expenses, as you refer, it includes the provision on the receivables that we already disclosed earlier, so that is reflected in the selling expenses because it is part of the reduction of receivables. That is what you are seeing. Other than that, the increase in the general and admin expenses includes a one-time expense of KD 1.0 million in the first quarter, which was towards the contribution for the earthquake relief in Turkey. That was a one-time effect. And the cash balance, yes, if you see our financials KD 43 million has been in fixed deposits and these deposits are in the range of 4.98% average interest rate.

Abbas Taha Thank you. Very clear.

Hatem Alaa We'll take the next question from the line of Ahmad El-Naggar. Your line is open.

Ahmad El-Naggar Regarding the downward revision in fees, did it come across the board and impacted all other players or that dispute with PUC is only with Humansoft? Thank you.

Mayank Baxi It is, to the best of my understanding, it is across everybody.

Hatem Alaa

line is open.

Thank you. We'll take the line of Reem Albarri. Your

Reem Albarri

I just had a couple of questions. Considering margins in AUM are higher than in ACM, could you clarify how the margin profile will evolve, especially considering the fact that preliminary scholarship data shows a drop in scholarships allocated to ACM? And my second question is whether there is any salary pressures or visa issues for teachers. Lastly, I wanted to ask about the proportion of scholarships allocated to Humansoft. They seem lower on a relative basis as well as absolute.

Mayank Baxi

More or less, our ratio between AUM and ACM in the past has remained around 85% AUM and 15% ACM. Now, as these numbers are also quite preliminary at this stage, we will not know the exact impact. We don't expect too much of an impact but by September '23, when the fall semester begins, there may be more clarity on that. We don't see, as of now, pressure on visas or salaries from the staff but we give merit-based salary reviews. There is nothing other than that. And your last question? There was one more point remaining?

Reem Albarri

Yes. It was with regards to the proportion of scholarships allocated to Humansoft. They seem lower on a relative basis, as well as absolute. I noticed a big drop in scholarships allocated to AUM.

Mayank Baxi

I covered that in the previous question also but let me just repeat. When you are looking at the numbers as of now, which are announced, they are still preliminary numbers. The numbers will be more clear when we come to the beginning of fall semester. But, nonetheless, comparing with last year at this point, yes, there are 300 less students but you also have to look at it collectively, with reference to the high school graduates that are there for this year compared with the last year. Last year, 2022, had a continuing effect of the graduates from the COVID era, and therefore you had a higher number of total high school graduates coming out of K-12. This year, the graduate numbers from K-12 are much lower than the last year. So, that is one aspect of the overall student target audience.

The second thing, even if you look at the total PUC scholarships, they are almost 300 less than the previous year around this time of the year when it was

announced. So, I think collectively we have done well relatively if you look at the overall percentage from the high school graduates. Our current numbers seems to be consistent because we focus on good quality students. We want to always maintain a good balance between the qualitative and quantitative growth.

Reem Albarri Thank you.

Hatem Alaa Thank you. We'll take a question from Hessa Al Ameerri. Please, go ahead.

Hessa Al Ameerri Hi. I have two questions, actually. One is, it is clear that the performance of the stock on the stock exchange is weak, in terms of the volume of trading and the number of transactions, which leads to a sharp fluctuation in prices. And we found this clearly during the last period as the stock price increased by more than 10% of the result of the presence of a buyer, and then it decreased by more than 15% after announcing the reduction of some fees. This invites us to inquire about the reason for not signing for one of the market makers companies to maintain the stability of the share price.

My second question is, through our readings of the financial results, it became clear to us that there are retained profits in the amount of 74 million dinars and after deducting the profits of the first half of this year, which amounted to 19.8 million, we still have a carry over from last year of 54 million. The question is will the carried forward amount of profits be used to maintain the rate of distributions over the past years, especially since this decrease in the profits during the first half of the year was due to the companies donations to Turkey, as well as the reduction of part of the fees that were submitted by you? These are things we expect not to be in the future and, in addition, the start of the operating of the facility of nursing and health and science, which will constitute an additional income for the company during the next period. Thank you.

Mayank Baxi Your point regarding a market maker we will convey to our team here and they will study it. Thank you for this suggestion. Now, coming to the dividend, at this point of time we will not be in a position to talk about the dividend because that's the issue that we discuss usually at the year end. We will look at the position of cash flow and also requirements for the future and accordingly, as has been done, we will follow the principles and

recommend to the board. Nursing, when we introduce it, it will depend on the total students that get enrolled. At this point of time we need to wait and watch how the enrolments in those majors show up, along with the majors that we are already offering. Right now, it will be difficult for us to make a statement regarding how that will have an impact on profitability.

Hatem Alaa We'll take the next question from the line of Usman Siddiqui. Your line is open.

Usman Siddiqui Thank you for the opportunity. Actually, I just wanted to refer back to the discussion of fee reduction. I just wanted to understand the rationale that was provided by the government for the reduction of these fees. I know this is a unilateral decision but had it been done during COVID days when students were probably not utilising the library or any other facility that would have made more sense. But, at this time, I just wanted to understand the rationale provided by the government because if this is not contested then moving forward maybe the government can unilaterally decrease the student fee on some other heads as well. So, if you can provide more detail of the rationale behind it.

And secondly, on the scholarship allocations, I wanted to know what is the criteria used by the government when they are allocating students to different universities. Is it the ranking that you have earlier mentioned or is the capacity, because I have seen some new universities coming in? So, how is the decision being made when they are allocating more students to the new entrants? That is my second one. Thank you.

Mayank Baxi Usman, regarding the rationale, as of now that part is not clear to us and that is why we have represented because the last few months were in relation to the new enrolments and registration of students, and all this is taking time. So, we do not have that clarity around the rationale behind the move from the authorities. We will follow it up and as of now we, ourselves, are a little surprised on what basis and how. Coming to the scholarship allocations, inside PUC we do not know exactly what is the basis but they are following a process where students apply for their selected majors to various universities and accordingly, when the final numbers are available with the PUC, they study the students' majors, the students' choices, etc., and then allocate. Sure, they must be also looking at the available capacity at the various

universities. Beyond that, internally, how and what is the basis we will not know.

Hatem Alaa Thank you. I'll take a few questions from the chat. The question is from Kareem Abbas. What do other universities charge for internet and library? Were the AUM fees much higher than other universities? And the second question is have any private universities seen tuition changes, either higher or lower, approved or required by the PUC in the past five years?

Mayank Baxi Regarding the charges for library and internet subscriptions, etc., every university has their different basis of charging. More detail will be available in each one's website because everybody has a different composition but, more or less, all have similar kinds of levels, it could be a little up or down. Beyond that, we do not have any other indication but all the universities do announce these charges on their website and their fee table. So, kindly have a look for that detail but to the best of my understanding more or less all are at similar levels.

Hatem Alaa The second question is have any other private universities seen tuition changes by the PUC in the past five years?

Mayank Baxi In the past five years we have not come across any change in tuition fees upwards or downwards for any university. Earlier years were of COVID and thereafter, in the recent years, we haven't come across any university being granted an increase or reduction.

Hatem Alaa And the last question is that your market share of high school graduates has been steadily declining. I understand your focus is on quality but which is the fastest growing private university in Kuwait? In other words, who is taking market share from you?

Mayank Baxi I don't think that is a correct way of looking because if you look at the market share, even when you compare last year and this year, as of now, whatever is the announced number, we are still about 6.5% from the high school graduates of last year and this year, if you compare it that way. The absolute number of graduates is increasing and therefore our share also as a number, absolute number, has been increasing and we continue to remain focused on the majors that we are offering in Engineering School and Business School. You have to understand that we are not offering all the majors that may

be required from the students who graduate from high school, and that's why we remained focused, first on our existing majors and try to study the requirements that will come up later, and therefore study and add new majors from time to time. And that will be the way forward. We will be studying the requirements and do the needful.

Hatem Alaa A question from Abdul Ayed. You indicated in your previous response that the KD 85 difference is on a per semester basis. Over three semesters this would indicate approximately KD 255 per student, multiplied by the current student count of 13,600 would the total annualised reduction from this charge be around KD 3.5 million.

Mayank Baxi Let me correct here. For the fall and the spring semesters, the difference of KD 85 will apply. In the summer semester we do not charge them KD 110, so there the difference will be about KD 30. So, on an annual basis, if you are to add spring, summer and fall semester, on an academic year basis it is a charge of about KD 200 if it is to be implemented.

Hatem Alaa Thank you. We'll take a question from Ankur Agarwal. Your line is open.

Ankur Agarwal Thank you for the presentation. My question really is in this quarter the impact of this internet and library fees was only in the provision or was the top line also impacted by it? And should we expect the impact on the top line to come in the subsequent quarters this year? Actually, you've quantified some of it right now but just trying to understand that impact. And the second question really is that amongst the high school graduates, do you think that engineering or business degree, which is what you primarily offer, is losing share to other majors within Kuwait? One is obviously newer universities within engineering but, two, is it that actually students are opting for something which is not engineering or business or not opting as much for that major? So, just trying to understand those two, please. Thank you.

Mayank Baxi For the half year financials that are reported there is no reduction in the top line. Already, the revenue was taken and provided and thereafter the receivables that are outstanding have been provided, and that is why it is appearing as an expense item. Going forward, if the matter is resolved and that is what we'll have to follow then, at that time, we will have to adjust

and reflect it in the financials. Otherwise, until the time that it is sorted out, it will continue in the provision.

Coming to the observation about the majors demanded, I think still in Kuwait the most popular majors are in the engineering school and business school. Sure, the requirements of GPAs from high school for these two majors are higher than maybe, liberal arts or other majors and therefore it also depends on K-12 students graduating, how they fare in their K-12 marks and, accordingly, they may be selecting their majors or going for other majors if they are not qualified for the scholarships for business or engineering school. That is what is my understanding.

Ankur Agarwal All right. That's very helpful. I think maybe that question was already asked but I'll still ask the question we've asked you repeatedly, which is around capital allocation. I think in the past you've alluded to K-12 schools as an option. Obviously, still a very strong balance sheet, so any thoughts on any timelines or how is the board or management thinking about it.

Mayank Baxi As you rightly said, strong balance sheet. There is no specific timeline but, for the way forward, these are the areas that we have highlighted in our previous reports and they are being studied. As of now, there is no further disclosure or anything that is available at this point of time.

Ankur Agarwal All right. Many thanks. Thank you.

Mayank Baxi Thank you.

Hatem Alaa We'll take a few final ones from the chat. A follow-up from Abdulaziz Alsughiyr. How much is the enrolment capacity for Kuwait University with the move to the new campus? We expected higher capacity, however we are seeing 2,000 lower enrolments in the past couple of years versus 2021.

Mayank Baxi Kuwait University capacity does not get reflected or published anywhere, so it is very difficult to make a judgement about their overall capacity. They may have fluctuations because they take students in fall and spring semester as well. Sometimes if their capacity or their graduating students are continuing during the fall semester, then they defer them for the

spring semester. So, it is not easily available in that sense about their overall capacity. But, more or less, if you see their new enrolments year-on-year, when you combine spring and fall, more or less, it has been consistent. It is in the range of 8,500-9,000.

Hatem Alaa And the last two questions, any possible application to increase tuitions or any other options to mitigate the ancillary fee decrease in case the ruling, if final? And the last one is there seems to be some excitement about developing a new education strategy by the new parliament and government. Is Humansoft included in this discussion and how should we think about the impact of such development, whether positive or negative?

Mayank Baxi As of now, there are no plans for going for a fee increase. Regarding mitigation or finding ways to improve efficiency, it's an ongoing process, as has always been the case regardless, our efforts for looking at various efficiency measures will continue. You have seen in the past, also, our margins have been consistently good, even if you look at the half year results. In spite of these two items, we have still maintained a net profit of 49% and our efforts will continue in that direction. Regarding the government-level shaping of the education policy, as of now I do not have much idea about the involvement from the university at this point of time.

Hatem Alaa Thank you. We have reached the end of time for the call, so thank you very much, Mr Baxi, for your time and thank you, everyone.

Mayank Baxi Thank you very much, all the participants. Appreciate your time and interest in Humansoft.

Hatem Alaa Thank you, and this concludes today's call. Thank you.