



القابضة
(ش.م.ك.ع.)

Date: 11 November 2024

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M/S . / Bursa Kuwait Company

المحترمين

السادة/ شركة بورصة الكويت

Greetings,

تحية طيبة وبعد،،

**Subject: Analysts/Investors Conference minutes
for the third Quarter of 2024**

**الموضوع: محضر مؤتمر المحللين/المستثمرين للربع الثالث من العام
2024**

With reference to the aforementioned subject, and to our letter sent to you on 06/11/2024, kindly find attached the minutes of the analysts / investors conference for the third quarter of 2024.

بالإشارة إلى الموضوع أعلاه، وإلى كتابنا المرسل لكم بتاريخ 2024/11/06، نرفق لكم محضر مؤتمر المحللين/المستثمرين عن الربع الثالث لعام 2024.

Yours Sincerely,

وتفضلوا بقبول فائق الإحترام،،

دلال حسن السبتي

رئيس مجلس الإدارة

Dalal Hassan AlSabti

Chairperson of the Board of Directors

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Company: Humansoft Holding Company
Conference Title: Humansoft Q3 2024 results conference call (Edited Transcript)
Date: Wednesday, 6 November 2024
Time: 2 pm (Kuwait time)

Hatem Alaa Hello, everyone. This is Hatem Alaa from EFG Hermes and welcome to Humansoft’s Third Quarter 2024 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 your questions. As an initial reminder to ask a question, you can either click on the raise hand button or type it in the Q&A chat box. Gentlemen, please go ahead.

Mayank Baxi Hello, everybody. Welcome to the Humansoft Q3 2024 results conference call. I hope you and your loved ones are keeping safe.

Thank you, team, at EFG for facilitating this call. I am Mayank Baxi, board member at Humansoft, along with our CFO, Mr. Anup Dhand, together, we would like to briefly mention some of the key highlights of Q3 2024 and then run through the Q3 2024 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 risk 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 its academic achievements and leadership in the market.

September month marked the beginning of the new academic year at AUM and ACM, and several key events and achievements were held during the quarter.

To begin with, AUM and ACM together enrolled 2,684 new students in the fall 2024 semester, taking the total enrolled students in fall of 2024 to 13,130.

All new and continuing students embarked the new academic year with a welcoming environment and vibrant activities that nurture students’ creative skills and talents.

We are proud that in the Times Higher Education World University Rankings 2025, out of 2000+ globally recognized higher education institutions, AUM ranked between 401 to 500 worldwide and number one in Kuwait, reflecting its unwavering commitment to excellence in education, research and innovation.

AUM and ACM continue to remain as institutions of first choice and the top rankings of AUM enable them to be robust, to withstand challenges that may arise in their journey.

Now, I would like to invite Mr. Anup Dhand, CFO of Humansoft, to give a brief about Q3 2024 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 of Q3 2024.

Humansoft, nine months 2024 revenue was KD 58.1 million as compared with nine months, 2023 revenue of KD 57.8 million, mainly due to the similar number of enrolled students.

Nine months 2024 EBITDA of KD 31.2 million was lower by 3% in comparison with nine months 2023 EBITDA of KD 32.2 million.

Nine months 2024 net profit of KD 29.1 million was 4% lower than KD 30.2 million for nine months 2023.

Net profit margin for nine months 2024 was 50% and EBITDA margin for nine months 2024 was 54%. The earnings per share was 217 fills during nine months 2024 as compared to 225 fills during nine months 2023.

Humansoft had a net cash addition of KD 71 million as of 30th September, 2024.

Total equity was KD 111.3 million as at 30th September, 2024 and the annualized return on average equity for nine months 2024 amounted to 33%.

Total assets was KD 153.6 million as of 30th September, 2024 and the annualized return on average assets for nine months 2024 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 any future stress events.

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

Hatem Alaa

Thank you. 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 again. You can either type your question in the Q&A chat box or click on the raise hand button.

We'll take the first question from the line of Ankur Agarwal. Ankur, please unmute yourself. Please go ahead.

Ankur Agarwal

Alright, thank you for the presentation. So, I think my question is about the student enrollment number, which declined versus last year. It's been a few years, I think 2021, since that time. I think obviously that was a peak year, but there's been a consistent decline. So, can you walk us through the new enrollment and the outgoing students, which naturally leads to a situation that even if your new enrollment is robust, it may lead to a total number of students declining, and what is the plan to sort of reverse that trend? That's the first question.

And then on the second thing where you're creating a provision for the library, Internet and other fees, any update on that, where is it right now? How should we think about it? Those two questions? Thank you.

Mayank Baxi

Thank you, Ankur. Regarding the students enrollment, we would like you to look at it holistically when you look at the total graduates coming out of the Kuwait K-12 segment. The past three - four years have been post COVID, and the total graduates in years 2021, 2022 and 2023 have been much higher compared with the normal years. And now, as you get into 2024, these numbers are getting into more stable environment. One of the reasons could be that during that time, because there were no paper based exams, the output was higher, and therefore the flow of students into this graduation cycle also increased.

Now, what does that mean when you get into 2024? Sure, our student enrollment is at 2684 are lower than the last year, but let me assure you that for the majors that we are offering, we are still the number one preferred institution, and we attract the best quality students. Now that has been a very fundamental objective of both AUM and ACM to ensure that qualitatively we always maintain a leadership position. Yes, overall student numbers and total numbers do matter. But if you look at it from the perspective of the fact that this year, from the various sources in the public domain we gathered that the high school graduate numbers were also less than the previous year, it adds

up that we have done exceedingly well in the majors that we offer, and we are confident that going forward, we will try to enlarge our reach to new segments or new measures by working towards that goal.

Coming to your second question, provision for the scholarship student's activity fees, there has not been much progress so far; therefore, we continue to take provision. Hopefully, we will get some color by the year end, and we will take appropriate measures. But as of now, there is no change. We continue to provide 100% of the receivable amounts from the charges that we levy. Thank you.

Ankur Agarwal Alright. I think a different question, so we've been seeing because of the geopolitical backdrop some boycott of international products in the region, especially Kuwait. So, I think your name itself is obviously an international brand in your name. So, do you get a sense that the preference of the students has changed amidst other alternative operators?

Mayank Baxi I don't think it has anything to do with that aspect. We have seen the same number of students coming and taking application forms and applying and otherwise this total new admission of 2684 will not be there. Rest assured, we are still the most preferred institution when it comes to the majors that we offer. See, this is an educational institution. It's providing good quality education, all round development, and that is what matters for the local people. And we are very much a Kuwaiti company listed on the Kuwait Stock Exchange. Promoters originally also are Kuwaiti citizens. And the ranking also is number one, and this is helping us to maintain this supremacy.

Ankur Agarwal Alright, that's very helpful. Thank you, Mr. Mayank.

Hatem Alaa We'll take the next question from the line Usman Siddiqui. Please unmute yourself.

Usman Siddiqui Thank you for the opportunity. I just have one question on the enrollment. So we see there has been a decline in AUM enrollment, in the number of enrolled students versus ACM. I think in ACM, there has been a slight increase, so the shift has changed versus last year. So do you think this will have an impact on the overall revenue per student moving forward?

Mayank Baxi The change that you are seeing in the total enrolled student is due to the graduation cycle. AUM students which were enrolled in the peak time after COVID are now getting into the graduation cycle, so this change in the ratio is there. But I don't see that might have a major implication. There is a little shift, yes, certainly, but we may not see a major impact on the bottom line due to this.

Usman Siddiqui Alright, right, thank you.

Hatem Alaa I'll take some questions from the chat. A question from Ramesh. "Why did third quarter EBITDA margin contract to 55% from 63% last year?"

Mayank Baxi Regarding margins, we have been repeatedly mentioning in all our previous calls as well. The trend after COVID was that certain kind of costs were not completely restored, and we had already indicated that we will gradually gravitate towards the 2019 margin levels, and slowly we are moving towards that. I think it is consistent with the stand that we were taking.

 Another point about the EBITDA, if you are comparing, the margins in Q3, then the reason is that Q3 September 2023 had the reflection of the reversal of the provision, reversal of the provision because we were paid back the Fall 2022 fees which were reduced and that payment was received, and that was reflected in the Q3 of 2023. So that is the major impact also reflecting in the margins in Q3 of 2023.

Hatem Alaa Again, as a reminder to ask a question, you can either type it in the Q&A chat box or click on the raise hand button. There is a question from Fatema Al Bader. "Is there a cap on how many students you can accept per major?"

Mayank Baxi There is no cap per major, but overall, the ability for us to have a continuity of the kind of students who will enroll in a particular major. And at the end of the day, the students who enroll in our institution and when they graduate, they need to be placed for employment as per job market. So holistically, the academic team reflect on what kind of distribution they should plan for enrolling in the new majors every year, and accordingly they put their focus.

Hatem Alaa We'll take a question from the line of Christine. Please unmute yourself, Christine.

Christine One question from my end. Just to clarify and confirm, revenues are now reported net of student services fees. Is that correct? Because I remember previously you were booking gross revenues and taking the charges as part of opex.

Mayank Baxi No, we still continue to book the revenue gross. And if you see the expense side, there is a provision for the receivables, and that is showing as part of the expense and we still continue to maintain the same presentation.

Christine Thank you.

Hatem Alaa A question from Reem AlBarri. "Are there any updates on the nursing and health science majors? Have you received the approvals? And should we expect that the student body will remain at this level going forward or is there any planned capex to increase capacity?"

Mayank Baxi As far as the nursing major is concerned, our final go ahead to start has still not come, and therefore we did not enroll any students for nursing this semester. Going forward, we have plans to research on new majors, and if everything goes smooth, then sure, we will be able to diversify the reach to more students who graduate from the high school.

As mentioned earlier, we have enough capacity in terms of growing and at an appropriate time, the requirements will be looked at and the capital expenditure will be committed. As of now, we have not committed any further capex.

Hatem Alaa Thank you. Again, as a reminder, to ask a question, you can either type this in the Q&A chat box or you can click on the raise hand button. There seem to be no more questions at this stage.

Mayank Baxi We can then end the call.

Hatem Alaa Okay. We would like to thank Humansoft management for their time today, and thank you everyone for participating.

Mayank Baxi Thank you, everybody.

Anup Dhand Thank you, everyone.

Hatem Alaa Thank you. And this concludes today's call.
