

Date: 20 March 2025

التاريخ: 20 مارس 2025

M/S . / Bursa Kuwait

المحترمين

السادة/ شركة بورصة الكويت

Greetings,

تحية طيبة وبعد،،

**Subject: Analyst/Investor Conference minutes for
the financial year ending 31/12/2024**

**الموضوع: محضر مؤتمر المحللين/المستثمرين للسنة المنتهية
2024/12/31**

With reference to the aforementioned subject, and to our letter sent to you on 17 March 2025, please find enclosed the minutes of the analyst / investor conference for the financial year ending 31/12/2024.

بالإشارة إلى الموضوع أعلاه، وإلى كتابنا المرسل لكم بتاريخ 17 مارس 2025، نرفق لكم محضر مؤتمر المحللين/المستثمرين عن السنة المنتهية 2024/12/31.

Yours Sincerely,

وتفضلوا بقبول فائق الاحترام،،،

طارق فهد العثمان

رئيس مجلس الإدارة

Tareq Fahad AlOthman

Chairman of the Board of Directors

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Company: Humansoft Holding Company

Conference Title: Humansoft FY 2024 results conference call (Edited Transcript)

Date: Monday, 17 March 2025

Time: 2 pm (Kuwait time)

Mirna Hello, everyone. This is Mirna Maher from EFG Hermes. Welcome to Humansoft's Full Year 2024 Results Conference Call. I'm pleased to be joined today by Mr. Mayank Baxi, Board Member, and Mr. Anup Dhand, CFO. We will first start the call with a presentation from management, and then we'll open the floor for the Q&A session.

Gentlemen, please go ahead.

Mayank Thank you.

Hello, everybody. Welcome to the Humansoft financial year 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, and along with our CFO, Mr. Anup Dhand, together we would like to briefly mention some of the key highlights and then run through the financial year 2024 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.

The Board of Directors have recommended a cash dividend of 350 fils per share, and this will be subject to the approval of the annual general meeting of the shareholders.

Humansoft continues to focus on preserving its academic achievements and leadership in the market.

Subsequent to Q3 2024 call, several key events and achievements were made, such as:

AUM has maintained its number one ranking and advanced from number 25 to number 23 in the Arab region, as per the QS Arab Region rankings 2025.

AUM ranked number one in Kuwait and among the top 400 best universities in the world in subjects offered by the College of Business Administration and College of Engineering and Technology.

AUM continues to be ranked as the most Sustainable and Green University in Kuwait, advancing to number 204 worldwide and sustaining its rank as top four in the Gulf region.

Over a period of one week, AUM and ACM communities gathered to celebrate the success of their 2024 graduates at the AUM Cultural Center. The management, faculty, staff and parents attended the graduation ceremonies.

In November 2024, AUM hosted the inaugural Kuwait Robotex competition for high school students. This event provided a unique platform for young innovators to showcase their engineering and programming skills in a competitive environment.

AUM and ACM continue to remain as the institutions of first choice, and top rankings enable them to be robust and strengthen its position in the higher education sector.

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

Anup

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 FY 2024.

Humansoft FY 2024 revenue was KD 79.2 million as compared with FY 2023 revenue of KD 79 million, mainly due to the similar number of enrolled students.

FY 2024 EBITDA of KD 43.1 million was lower by 3% in comparison with FY 2023 EBITDA of KD 44.6 million.

FY 2024 net profit of KD 40 million was 4% lower than KD 41.8 million for FY 2023.

Net profit margin for FY 2024 was 51% and EBITDA margin for FY 2024 was 54%.

The Earnings per share was 298 fils during FY 2024, as compared to 311 fils during FY 2023.

Humansoft had a net cash position of KD 74.3 million as at 31st December 2024.

Total equity was KD 122.1 million as at 31st December 2024 and the return on average equity for FY 2024 amounted to 32%.

Total assets was KD 143.8 million as at 31st December 2024 and the return on average assets for FY 2024 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 remain robust.

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.

Thank you. Over to you, Mirna.

Mirna Thank you. If you'd like to ask a question, please use the raise hand function, or you can type your question in the Q&A chat. We will take the first question from Hessa Alameeri. Please unmute yourself.

Hessa I wanted to know about the land that AUM is on right now. I know that the contract is ending in, I think three or four years, and you should be renewing soon. And I want to know if there's an update on when you guys will renew your contract.

Mayank This is normal practice. Most Private Universities in Kuwait are on government leased land. We still have the lease validity until 2027, and I think around that time the renewal process will begin, maybe somewhere in the beginning of 2027.

Hessa Okay, so it will be probably in 2027, the renewal?

Mayank Yes.

Hessa Okay, got it. Thank you so much.

Mirna Thank you. We have a couple of questions in the chat from Abdalla Alnusif. 'What is the CapEx going forward? And is there any growth expected going forward, more majors?'

Mayank For the CapEx, as of now we have not committed any further CapEx. It's maintenance CapEx and for the requirements of additional capacity for the operations, we will continue to watch the growth in the enrollments and accordingly take an appropriate decision in terms of adding further Capex and capacity.

In terms of growth plans, as we have been mentioning in the past, our approach has been two-fold. We try to preserve the current level of achievements and try to make it more and more stronger, and this has been through the various

initiatives that we have done in the past, namely, getting all our majors accredited, adding more tie-ups with the foreign institutions like Berkeley, Babson College, HEC Montreal. And that is enabling AUM and ACM, maintain their leadership positions in the market. And as and when the opportunity arises, we definitely look for the introduction of new majors and subjects that will be required, for eg. for artificial intelligence we signed up with ULC Berkeley. And we'll continue to reflect on the opportunities in the same field. Other than that, right now there is no specific growth plan.

Mirna Thank you. The next question is from Reem AlBarri. 'With reference to the library, internet subscription and students' activities fees, can you please provide us with an update on the revenue recognition method?'

Mayank As of now, we continue to recognize the revenue on a full charge basis, and we are taking 100% provision for the same. In terms of the net profit, we have fully provided for it and we are pursuing the matter for resolution. As of now, there is no further update on that.

Mirna Thank you. We'll take the next question from Ankur Agarwal. Please unmute yourself.

Ankur Thank you for the presentation. My question is really around capital allocation. It's a question that obviously you face every time around this year after paying a very strong dividend. The question is, really, was there room to pay more dividends, especially since there is no M&A activity, or no major plans of CapEx, right, is really the first question?

Mayank You notice one thing, that the dividend which is announced will absorb almost KD 47 million. And after that, as you know, our working capital cycle is a longer cycle because our collection from the PUC takes four to five months after the semester begins. So keeping all these things into account and also allowing for a smooth operation, I think the recommendation is fair and it works out to almost 117% of the profit for the year.

Ankur That's clear. But in terms of M&A, is there room to leverage up the balance sheet, right?

Mayank Yes, the balance sheet is very strong, you have observed that, the balance sheet is strong and we don't have debt now, so we have all the opportunities available. But all things depend on right time and right opportunity, so you have to keep that long term vision in mind when you provide for the dividend payout.

Ankur Alright, that's it from my side. Thank you, Mr. Mayank and Anup.

Mirna Thank you. As a reminder, if you'd like to ask a question, please use the raise hand function, or you can type your question in the Q&A Chat.

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

Usman On the student enrollment, historically we have seen, pre-COVID student enrollment averaged around 12,300, 12,400 number. But then there was an increase because of higher graduates during COVID. Moving forward, what level of average enrollment or average number of students you are expecting, at least for the next two years? Is there any impact from higher K-12 graduates still there in your current student body? Or that increase has already been graduated, the increase that we saw in 2020?

Mayank We try to reach out to diverse students for the enrollments, and that is the reason why we have been able to reach up to 13,000 students and above. Sure, after COVID there was a period where the high school graduates were much more than the normal and that has also had the impact on the enrollments. And this phenomenon is now getting settled because the graduation cycle for those students who are enrolled at that point of time is now getting over. So our endeavor will be to ensure that we try to reach out to more diverse students and try to maintain our new enrollment, as has been done in the past years.

Usman Thank you very much. That's very clear. And in terms of scholarships from the government, how has the share of Humansoft evolved over the past two, three years?

Mayank When you look at the scholarship allocations among the universities, you also look at the students who pass out from the class 12 will have an option to look for the majors that they would prefer. As far as the majors that we are offering, we are getting the highest registrations, and these students apply to AUM as first choice, as we are maintaining our brand and our qualitative aspect. And we'd like to reach out to students keeping the qualitative and quantitative balance.

Usman All right. Thank you.

Mirna Thank you. We have another question in the chat from Alanoud Alrasheed. It's also on the lower number of students enrolled. Should we expect a continued decline going forward?

Mayank The total enrolled students decline that you have seen, as I mentioned in the previous question, that part of the impact is because during the 2020 year there was one-off additional enrollments due to the higher pass-out rate on account of COVID, as the exams were online and not paper based. This phenomenon is getting over and those students who had enrolled during those years are getting graduated, and the new students who are now coming out of K-12, we ensure that we try to reach out to them and we try to also ensure that they fit the right profile and right quality, as has been always the case for our AUM and ACM enrollments. Our approach will be to reach out to more and more students and also look for opportunities where we can diversify the reach.

Mirna Thank you. The next question is from Christine Kalindjian. 'What is the latest on the nursing school?'

Mayank As of now, we are still pursuing. We have a status quo right now. Still, we will keep pursuing. And if any update comes, we will definitely come back to you.

Mirna Thank you. As a final reminder, if you'd like to ask a question please use the raise hand function, or you can type your question in the Q&A Chat.

We have one more question from Usman Siddiqui.

Mayank Sure, yes.

Mirna 'Is the current level of operating margin sustainable?'

Mayank As we have said in the past, we continue to position ourselves that eventually we feel that 2019 will be the base case, where the margins will eventually reach to that level, currently we are at 51%, and it will be coming closer to 49% to 50%, it depends on the year-to-year basis. But we'll try to work towards achieving and maintaining that.

Mirna Thank you. There are no more questions in the chat. So back to you, Mr. Baxi, if you have any concluding remarks.

Mayank Thank you very much for all the participants, and have a good day.

Anup Thank you, everyone.

Mirna Thank you. Thank you, everyone, for joining. And thank you, Humansoft management, for your time. This concludes today's call.