

Date: 12th May 2025

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M/S . / Boursa Kuwait Company

المحترمين

السادة/ شركة بورصة الكويت

Greetings,

تحية طيبة وبعد،،

**Subject: Analysts/Investors Conference minutes
for the first Quarter of 2025**

**الموضوع: محضر مؤتمر المحللين/المستثمرين للربع الأول من العام
2025**

With reference to the aforementioned subject, and to our letter sent to you on 07/05/2025, kindly find attached the minutes of the analysts / investors conference for the first quarter of 2025.

بالإشارة إلى الموضوع أعلاه، وإلى كتابنا المرسل لكم بتاريخ 2025/05/07، نرفق لكم محضر مؤتمر المحللين/المستثمرين عن الربع الأول لعام 2025.

Yours Sincerely,

وتفضلوا بقبول فائق الاحترام،،

طارق فهد العثمان

رئيس مجلس الإدارة

**Tareq Fahad AlOthman
Chairman of the Board of Directors**



Company: Humansoft Holding Company

Conference Title: Humansoft Q1 2025 results conference call (Edited Transcript)

Date: Wednesday, 7 May 2025

Time: 1 pm (Kuwait time)

Mirna

Hello, everyone. This is Mirna Maher from EFG Hermes. And welcome to Humansoft's First Quarter 2025 Results Conference call.

I'm pleased to be joined today by Mr. Mayank Baxi, vice chairman, and Mr. Anup Dhand, CFO.

We will first start the call with a quick update from management, and then we'll open the floor for the Q&A session.

Mr. Baxi, please go ahead. Thank you.

Mayank

Hello, everybody. Welcome to the Humansoft Q1 2025 Results Conference call. I hope you and all your loved ones are keeping safe.

Thank you, team at EFG, for facilitating this call. I am Mayank Baxi, vice chairman at Humansoft Holding Company, along with our CFO, Mr. Anup Dhand. Together, we would like to briefly mention some of the key highlights, and then run through the Q1 2025 financial highlights, and in 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.

Both our institutions, AUM and ACM, continue to focus on enhancing students overall development, preserving its academic achievements and the leadership in the market. Subsequent to our financial year 2024 results call, several key events and achievements were made, and some of these I would like to share with you.

AUM has been ranked number one in Kuwait in the QS World University Rankings by subject 2025. In social sciences and management, it's ranked number 193 globally, and number five in the Arab world and number four in the GCC. In engineering and technology, it's ranked number 278 globally, 17 in the Arab world, and 11 in the GCC.

In QS stars, AUM is rated outstanding with five plus stars and awarded the highest rating of five stars in teaching, employability, academic development, global engagement, facilities, social impact, inclusiveness and arts.

AI, Innovation Forum in collaboration with University of California, Berkeley, was held at AUM. It featured inspiring keynote speakers, discussions and an AI innovation challenge 2025. Showcasing talents and fostering students creativity in the field of AI.

AUM global symposium 2025 titled The Future of Entrepreneurship in the age of AI, in collaboration with Babson College, was held at AUM.

AUM organized the Startup Challenge 2025, and it was held at the AUM campus. This annual challenge offers aspiring entrepreneurs a stage to present innovative startup ideas. AUM student teams stood out by presenting solutions that have the potential to drive a sustainable future.

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

Now, I would like to invite Mr. Anup Dhand, CFO of Humansoft, to give a brief about Q1 2025 financial highlights.

Over to you, Mr. Anup.

Anup

Thank you, Mr. Baxi, and a good afternoon to all the attendees.

I am Anup Dhand, CFO at Humansoft, and I would like to present the financial highlights for Q1 2025.

Humansoft Q1 2025 revenue was KD 20.2 million, as compared with Q1 2024 revenue of KD, 22.3 million, mainly due to the similar number of enrolled students.

Q1 2025 EBITDA of KD 10.7 million was lower by 3% in comparison with Q1 2024 EBITDA of KD 11 million.

Q1 2025 net profit of KD 9.9 million was 4% lower than KD 10.4 million for Q1 2024.

Net profit margin for Q1 2025 was 49% and EBITDA margin for Q1 2025 was 53%.

The earnings per share was 74 fils during Q1 2025 as compared to 77 fils during Q1 2024.

Humansoft had a net cash position of KD 100.3 million, as at 31 March 2025.

Total equity was KD 132.1 million, as at 31 March 2025 and the annualized return on average equity for Q1 2025 amounted to 31%.

Total assets was KD 166.8 million as at 31 March 2025, and the annualized return on average assets for Q1 2025 amounted to 26%.

Humansoft 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 questions.

Thank you. Over to you, Mirna.

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

Reem Question about the library and internet subscription fees . Has there been any resolution since the last call with regards to the PUC, any change in the fact that you contested the fee reduction?

Mayank As of now, still no resolution. We are still pursuing.

Reem Okay. Thank you.

Mirna Thank you. Again, 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.

Mr. Baxi, just one question from my side. If there is an update on the new health science majors, if you've received the final approvals for them or not yet?

Mayank Not yet. We will come to know before the start of the enrollment, so we are just following. But as of now, not yet.

Mirna We have a question from Abhishek in the chat. Why is there a jump in revenue in 2020 and 2021 and that 2024 revenue is down from 2021 level?

Mayank Yes. If you go back to 2020 and 2021, these were disruptive years when COVID was there, and the aftereffects of COVID resulted into the disruption of our academic calendar. And we would suggest to you to also refer to the previous year's presentations, where we always show, in a slide how quarter on quarter the execution was not consistent during those years. The reason being that the academic calendar had to be rearranged and re-shifted based on the time that was allotted to restart after COVID, and there were also online education that was provided after the approvals from the regulator. So all these had disruptions in the academic calendar, and therefore, if you see the whole revenue execution, it was distributed between the two years. So to be more realistic, it would be good to consolidate the two years and take an average

because more or less we have completed the entire execution during those years. A little spillover might have happened in the first quarter of the subsequent year. So kindly look at averaging out. And also please refer to the previous year's presentation, where a slide has been showing the difference in the execution quarter on quarter.

Mirna Thank you. The next question in the chat from Mohammed, is stock dividend something you would consider?

Mayank This year, dividend has already been processed. Cash dividend has been paid. Next year, going forward, board will take an appropriate view after the year end. As of now, there is no other decision.

Mirna Thank you. The next question is, can you talk about the buyback program?

Mayank In Kuwait, the buyback arrangement is not the way it is understood in other countries, where it will amount to capital reduction, that process is still not yet accepted here, so there is no reason to consider any such move at this point of time.

Mirna Thank you. We have a follow-up question from Reem Al Barri. Please unmute yourself.

Reem Hi. I just had another question with regards to the competitive landscape. Would you be able to shed some light on potentially any other universities having capacity increases or anything that might impact your intake in August, especially given that the scholarships have been declining for Humansoft?

Mayank Sure. From the last year fall, we have not come across any new university or additional capacity in the public domain. But yes, last year, there was an additional intake by the Abdullah Salem University, which was started a couple of years back. And other than that, there is no major change has happened in the this last one year, so we do not see any major deviation in the competitive landscape from the last fall.

Reem Okay, thank you.

Mirna Thank you. We have a question from Nishit Lakhotia. Please unmute yourself.

Nishit I have a question on your expenses side. I see a considerable reduction in advertising and sales promotion expenses year on year. So it seems like you are

looking at controlling cost there. How do you guide on this particular line item in your expense, and do you think the current level of your run rate or revenues and all is sustainable or you think more downside risk, like you've seen the negative growth in this quarter? Or do you see the revenues either being flat or a bit lower because of more students graduating than what you would intake? So what's your strategy or outlook for this year? If you can just share at high level there, as well as on the cost side, something on the sales and advertising, is this something a one-off a Delta from 200,000 there, or is something that is deliberate management decision to reduce our spending on these discretionary spending?

Mayank

As the advertisement expenses are concerned, certainly one of the views is to constantly look at areas where efficiencies can be improved. And now with the availability of social media and various other medium of reaching out to the prospective students, we always are on a lookout for efficiencies there, and the company and the management always looks for areas where such efficiencies can be improved. We would have achieved this in the first quarter, because certain kind of advertisements were looked at, and we have always wanted to make sure that we do not get into advertisements which may not show real concrete results. This is something which is an ongoing process.

As far as coming to your second part, as far as the students, revenue, is concerned. The revenue that was appearing in quarter one is based on the students that are enrolled in the September fall of 2024 students, these students continue for the entire academic year, of course, in between, semester wise, there will be graduations, which is consistent, as we have seen in the earlier years also. And thereafter, in the quarter four is the time where we will start getting new enrollments. Our efforts will be to try and reach out to the maximum students body that come out of the high school. And for that preparations, and also, as I outline in my opening remarks, several measures have been done to attract quality students, and as we have always maintained, we try to reach out to quality students, and also, ensure, quantity and the number of students also matters. Our efforts will be consistent to find ways to reach out to higher numbers. Other than that, as of now, we cannot predict much about the quarter four, but otherwise, the revenue which has been generated or is likely to be generated out of the students who are enrolled in fall of 2024 continue subject to the graduation that happens each year in fall, spring and summer.

Nishit

Okay, so just a follow-up. I mean, okay, students, I understand it's tricky, tricky for you to give any guidance. But on the fee side, scholarship, rather, when was the last time you got an increase in scholarship? Was it 2014, if I'm not wrong? It's been more than 10 years the fees for the scholarship students? Or when was the last time the government increased it for Humansoft?

Mayank We had done it in two phases. For AUM, it was in 2014 and for ACM, it was 2015.

Nishit So given that it's been more than 10 years, shouldn't that be, I mean, is the management looking at putting a case for an increase in fees, given that you're clearly seeing staff cost and others pressures going up with inflation? Now, is there a chance of this being pursued, maybe this year, next year? What's the strategy on this aspect?

Mayank See, as of now, there is no immediate plan to pursue on it. We'll keep studying the cost structures also, and at an appropriate time only we can take up this matter, but as we stand today, we have no plans to immediately request for any revision.

Nishit Okay, understood. Thank you so much.

Mirna Thank you. We have a question in the chat from Naser on the health science majors. When can we expect the first batch of students, and how many students do you expect to enroll in the first year of its launch?

Mayank See, for the health science we are waiting for the final approval. So that's why we are unable to give the guidance on when it will get started. Our application has not yet been cleared by the regulators. Usually, whenever you start a new major in the initial years, you see a student number of anything around 50 to 100 as a startup, and then gradually it builds up. But as of now, until and unless the approval comes, we will not be able to throw further light on what kind of targets or what kind of numbers to expect.

Mirna Thank you. The next question is from Alanoud AlRasheed. You've mentioned in past meetings that you were considering some opportunities in the GCC. Are there any developments regarding this?

Mayank Yes, our team continues to look at opportunities, but as of now, there is no development where we can share information around that. At an appropriate time, if there is something, it will be disclosed appropriately.

Mirna We have another question from Naser, given that the management has stated that there is no growth capex expected for 2025, what should we expect in terms of income from deposits, short term investments to be at year end, given that you ended the year with 100 million in cash?

Mayank The year end 100 million cash definitely had not accounted for the payout of dividend. Cash dividend of 350 fils has already been processed. So that will take away almost 47 million. Of course, the remaining cash, whatever is there barring the requirements on regular working capital, we do invest in short term deposits. And as you know that the deposit rates have come down from what it use to be in the previous years. So best efforts will be to get the maximum rate. And as we speak, I think what you have seen in the first quarter, I think around that will continue on quarter basis.

Mirna Thank you. The next question, also from Naser, does the margin profile differ between ACM and AUM enrolled students. How does it differ?

Mayank Yes, there will be a differential between the AUM and ACM margins, because at ACM the enrolled student body is around 2,000 versus more than 10,000 in AUM, so that volume advantage is available at AUM, but we consider ACM as a very good avenue for attracting students who may not have got the advantage of getting directly into the AUM or any other four year bachelor program, so it becomes a good avenue for such students, and also with the experience of allowing the graduating students from ACM to be eligible for applying to AUM if they meet the criteria also helps, in a way, as an additional feeder for AUM.

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 it in the Q&A Chat. Mr. Baxi, I think we've covered all the questions. So back to you, if you have any concluding remarks.

Mayank Thank you very much to all the participants, and we look forward for your continued participations quarter on quarter.

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