HUMANSOFT

Empowering People Through Knowledge

ANNUAL REPORT 2025

www.human-soft.com

HH Sheikh
Mishal Al-Ahmad Al Jaber Al Sabah
Amir of the State of Kuwait

HH Sheikh
Sabah Khaled Al-Hamad Al Sabah
Crown Prince of the State of Kuwait

ABOUT HUMANSOFT

We started HUMANSOFT back in 1994. Then we were known as New Horizons a modest computer training center tucked away in a small office in Kuwait City. Just as the IT revolution was building up, our 'little' company took off and within a matter of 5 years we were able to expand into the UAE and Qatar. This tremendous development grabbed global attention and industry recognition as New Horizons was successfully providing training diplomas to thousands of people in the GCC region.

Soon we spotted the need for our learners to make the next step in their development not only to improve their software and hardware IT knowledge but to add professional workplace and English language skills.

This prompted us to establish HUMANSOFT to incorporate all our educational initiatives. In doing so, we ambitiously invested in e-learning as early as 2003 with Net G, one of the largest e-learning providers at that time.

We customized a wide range of e-learning programs and products to match the growing demands of our learners throughout the Middle East as well as Morocco, Algeria, Egypt, Lebanon. To ensure the success of our projects, we created the necessary distribution and support networks. However, this was not the end to our passion and commitment to education and academic endeavour.

In the early 2000s, we began our dream-project to nurture a home-grown university in Kuwait that would cater for our youth's academic needs. We set out to build a higher education institution that would meet the local regulatory requirements. Thus, the American University of the Middle East (AUM) and the American College of the Middle East (ACM) came into existence,After a dedicated focus, research and commitment of resources AUM and ACM operated first batch in the academic year 2008-09 out of its campus which is the largest in the private universities in Kuwait.

In the meantime, the HUMANSOFT team wrote another notable chapter in its story by being listed on the Kuwait Stock Exchange in 2005 as a company focused on the field of Knowledge Transfer and Learning in the Middle East.

Today, our dedication to excellence in higher level education is as strong as ever. And it is there for all to see both on our AUM and ACM campus, Year on year, we offer a greater range of qualifications designed to meet the demands of the 21st century workplace.

As a result, our student population grows rapidly, attracting local, regional and international interests.

VISION

We will be a global company investing and promoting well researched, innovative, technology driven ventures related to Learning, Human Resources Management and Health Services

MISSION

To enhance the quality of people's lives, by empowering them through knowledge

AT A GLANCE

12,900+
ENROLLED STUDENTS

24,500+
ALUMNI

OVER
50%
FEMALE STUDENTS

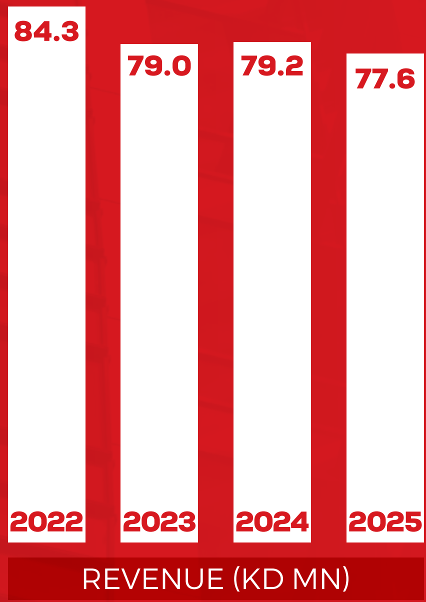
OVER
60
REPRESENTED NATIONALITIES

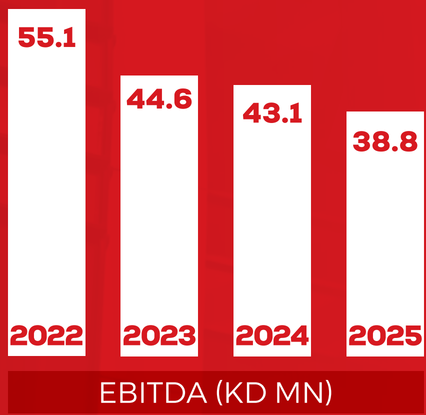
OVER
1500
TREES PLANTED ON CAMPUS

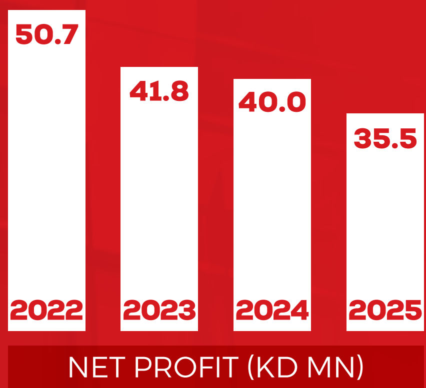
26
OFFERED PROGRAMS

90+
ENGINEERING LABS

OVER
150
COMMUNITY ENGAGEMENT INITIATIVES SINCE 2021







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STRATEGY

CHAIRMAN'S STATEMENT

Tareq Fahad AlOthman

Chairman of the Board of Directors

Dear Esteemed Shareholders,

It gives me great pleasure, on my behalf and on behalf of my fellow Board members, to present to you the Annual Report of Humansoft Holding Company for the fiscal year ended 31 December 2025.

Throughout this year, the Company continued to strengthen its presence and position in the higher education sector, guided by a clear and ambitious strategy aligned with the rapid developments in education and technology. We take pride in the achievements realized during 2025 and reaffirm our commitment to continuously enhancing operational efficiency and strengthening our digital infrastructure to support growth, maximize value, and meet the aspirations of our shareholders and partners.

Sustainable Leadership in Education and the Economy

The Company continues to reinforce its position as an influential institution in both the education and economic sectors by modernizing and developing its academic programs in line with global changes, enhancing sustainability practices across its operations, and expanding knowledge-based research partnerships with leading international universities and academic institutions. This stems from our belief in our role in supporting economic development by preparing qualified graduates equipped with the skills and adaptability required for a rapidly evolving future.

The Company is also committed to investing in digital transformation and adopting advanced educational technologies, including smart learning systems and interactive platforms, to enhance the student experience and improve educational outcomes. Special emphasis is placed on fostering innovation and entrepreneurship skills among students and aligning academic programs with labor market needs through practical training and collaboration with various industry sectors.

Furthermore, the Company believes in the importance of social responsibility, contributing to educational and research initiatives that serve the community and promote a culture of lifelong learning, thereby reinforcing its role as an active partner in building a sustainable knowledge-based economy.

Financial Performance

In 2025, the Company achieved stable financial results reflecting its resilience and flexibility in navigating various challenges, as well as its ability to efficiently capitalize on available opportunities.

The Company continued to enhance operational efficiency and institutional performance, contributing to sustainable profitability. This was driven by a flexible approach that prioritizes quality and innovation, while maintaining effective cost management and enhancing added value and returns for shareholders.

Strengthening Sound Corporate Governance Principles

Humansoft firmly believes that sustainable success is built on transparency and sound governance, ensuring a balanced consideration of the interests of all stakeholders. In 2025, the Company enhanced its governance framework by updating internal policies in line with international best practices.

Humansoft also continued integrating Environmental, Social, and Governance (ESG) standards into its operational processes, reaffirming its commitment to sustainability principles to ensure long-term growth and enhance value for all stakeholders.

EXECUTION OF OUR STRATEGY

A. Academic Excellence

In 2025, the American University of the Middle East (AUM) and the American College of the Middle East continued to solidify their positions as leading academic institutions by focusing on educational quality and international accreditations.

As part of its ongoing pursuit of academic advancement, AUM obtained institutional accreditation from the UK's Quality Assurance Agency (QAA), one of the most prominent global quality assurance bodies. This achievement reflects the University's commitment to international standards and enhances its competitiveness at both regional and global levels.

The University also continues to foster a culture of innovation by integrating technology into the educational experience, particularly in the fields of artificial intelligence and entrepreneurship, through strategic partnerships with distinguished academic institutions such as the University of California, Berkeley, as well as expanded collaborations with Babson College and HEC Montréal. These partnerships include educational initiatives that support academic development, enhance educational quality, promote entrepreneurship and innovation culture, and empower students to develop skills and launch startup ventures.

B. Operational Efficiency

Humansoft seeks to enhance its operational efficiency by adopting integrated smart and digital solutions and promoting innovation across its subsidiaries to improve performance and accelerate processes.

The Company places strong emphasis on developing its human capital through continuous training and skill development, strengthening readiness to face future challenges and sustain institutional excellence. Simultaneously, it continues upgrading infrastructure and facilities in line with the highest global quality standards while integrating sustainable best practices in resource and service management. This ensures the provision of a modern, professional educational environment that balances efficiency, innovation, and institutional sustainability.

C. Shareholder Value

The Board of Directors recommends distributing cash dividends of 275 fils per share. This recommendation remains subject to approval by shareholders at the Annual General Meeting, in addition to obtaining approval from the relevant regulatory authorities.

Future Strategy

Humansoft concluded the year having successfully achieved its annual objectives and continues to advance its strategic journey through the effective execution of its long-term roadmap. The Company remains firmly focused on sustaining this performance through financial stability, supported by consistent revenue growth and profitability, while continuing to invest in the development of its educational institutions—most notably the American University of the Middle East and the American College of the Middle East. In parallel, the Company is committed to enhancing the quality of education to remain aligned with ongoing technological transformations and advancements in artificial intelligence.

The American University and College of the Middle East continues to uphold their commitment to the highest standards of academic quality and international accreditation. This commitment is reflected in the achievement of global accreditations and improved positions in international rankings, further strengthening its academic standing at both regional and international levels.

The Company is also progressing in its evaluation of new academic programs within the College of Engineering to address evolving labor market needs. These efforts are undertaken alongside the completion of the launch of the College of Health Sciences, the Master's program in Engineering, and the fulfillment of all required official approvals.

Furthermore, Humansoft continues to explore investment opportunities in advanced technologies related to the education and training sectors. These initiatives are designed to diversify income streams, establish new investment channels, support sustainable long-term growth, and enhance overall shareholder value.

Sustainability & Social Responsibility

Humansoft is committed to sustainability and social responsibility as fundamental pillars of its vision and operational strategy. These values are reflected in its ongoing community initiatives and effective partnerships with institutions that share its commitment to serving and empowering society.

Through its educational institutions, the Company works to create a positive impact by supporting education, developing skills, and participating in environmental and volunteer initiatives, thereby strengthening its societal role and contributing to the public good.

As a leading company in education and training, Humansoft places special emphasis on providing a positive work environment based on appreciation, respect, and equal opportunities, while empowering employees to develop their skills and adapt to future requirements. In line with its transparency and corporate responsibility, the Company publishes its Sustainability Report annually to reflect its achievements and initiatives in this field.

Appreciation and Gratitude

The Board of Directors extends its sincere thanks to all those who contributed to the Company's achievements this year including shareholders, students, partners, clients, employees, regulatory authorities, and supporting banks for their trust and continued support, which have contributed to the Company's success and sustainability.

We look forward to 2026 with optimism and confidence, building on our past achievements and determined to accomplish further successes and innovations that strengthen the Company's position and contribution to a sustainable future.

YEAR-IN-REVIEW

YEAR-IN-REVIEW

Q1 2025

1 AUM ranked #1 in Kuwait and among Top 300 best universities in the world in the Social Sciences and Management, and Engineering and Technology subject areas offered by the College of Business Administration and College of Engineering & Technology.

2 AUM has been awarded 5+ Stars overall in QS Stars Rating System by the Intelligence Unit at Quacquarelli Symonds, a remarkable achievement in the university's journey, first initiated in 2020.

3 AI Innovation Forum was organised in collaboration with the UC Berkeley. It featured inspiring keynote speakers, discussions and an AI Innovation Challenge 2025 showcasing talents and fostering students' creativity in the field of AI.

4 AUM Robotex Competition 2025 was held in collaboration with Robotex International, providing a unique platform for young innovators and the next generation of engineers and technologists to innovate in the field of robotics.

5 AUM Global Symposium 2025 "The Future of Entrepreneurship in the Age of AI" in collaboration with Babson College featured prominent speakers and emphasized the integration of entrepreneurial practices into education and the role of AI in enhancing business.

6 AUM Startup Challenge of 2025 offered 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.

7 AUM Students consistently achieved success in local, regional and global competitions 2025, such as IEOM Awards and Global Competition, and HULT GCC Innovation Challenge.

8 As of early 2025, AUM recorded a 34% increase in Scopus-indexed publications during the 5-year period from 2020 to 2024, compared to the previous 5-year period from 2019 to 2023.

Q2 2025

1 Humansoft's ordinary general assembly meeting was held on April 14, 2025 and approved the distribution of cash dividends of 350 fils per share for the financial year 2024.

2 Humansoft released its Sustainability Report for the year 2024 titled "Roots of Impact for a Sustainable Future".

3 AUM has been ranked as the Top university in Kuwait by QS World University Rankings 2026, maintaining its #1 local position for the for the fifth consecutive year.

4 In QS World University Rankings 2026, AUM advanced to the rank #563 globally, up from the #611-620 band in the previous year. This achievement placed AUM among the Top 600 universities worldwide.

5 AUM ranked #201-300 globally and maintained its position as the #1 university in Kuwait, according to THE Impact Rankings 2025.

6 In THE Impact Rankings 2025, AUM achieved recognition in 8 Sustainable Development Goals (SDGs) within the World's Top 400, including 4 SDGs ranked in the Top 100 globally.

7 AUM organized the Innovation Fair 2025 "Unleashing Tomorrow's Innovations Today", where students presented their innovative projects and achievements through interactive displays and presentations inspiring entrepreneurial thinking.

8 AUM celebrated the completion of 2024-2025 cohort of the Artificial Intelligence and Entrepreneurship Certificate program in collaboration with UC Berkeley, marking the ongoing success of this distinguished partnership.

9 AUM organized its 11th Career Expo "Empowering talent. Creating opportunities", powered by Tawteen Career Center. Students and alumni were offered invaluable opportunities to network with more than 60 leading local and international companies.

YEAR-IN-REVIEW

10 AUM Corporate Awards Ceremony 2025 was held in its fourth edition to honor an outstanding selection of leaders and leading local and international companies from private and public sectors in Kuwait.

11 AUM partnered with Coursera to equip learners with industry-recognized professional certificates.

Q3 2025

1 AUM has been ranked # 1 in Kuwait and # 19 in the Arab region in QS Arab Region Rankings 2026.

2 9 AUM faculty were recognised in the Stanford University list of the world's top scientists, reflecting the University's growing global visibility and research influence.

3 Chinese Cultural Center in collaboration with AUM organized "Moonmoment to Remember in Kuwait".

4 Humansoft participated in EFG Hermes 11th Annual London conference titled "Investing Right in MENA" held in London in September 2025.

5 ACM organized a visit to CERN in Geneva, Switzerland, the world's leading particle physics research center, to expose students to advanced scientific research and innovation. Thirteen students from ACM's Physics and Astronomy Club participated in guided tours, interactive exhibitions, and workshops.

Q4 2025

1 Over the course of one week, the AUM and ACM communities came together to celebrate the achievements of the Class of 2025. Graduation ceremonies were attended by management, faculty, staff, and proud parents, honoring the dedication, perseverance, and success of our graduates.

2 QS Sustainability Rankings 2026 ranked AUM as #1 in Kuwait and #509 globally, advancing from #818 in the previous year.

3 UI GreenMetric World University Rankings 2025 ranked AUM as #1 in Kuwait #176 globally, #5 in the Gulf Region.

4 AUM hosted Robotex Kuwait 2025 - 2nd Edition, bringing together over 500 school students, showing its commitment to experiential learning and youth empowerment in a rapidly evolving technological landscape.

5 AUM students participated in the GPCA Youth Forum 2025 in Bahrain, held as part of the 19th Annual GPCA Forum.

6 AUM students achieved a milestone at the World Interuniversity Championship (WIUC 2025) in Barcelona, winning the Padel championship.

7 The Department of Engineering and Technology of ACM successfully received the final statement from ABET for the accreditation and reaccreditation of its 7 Engineering and Technology programs.

INSTITUTIONAL STRENGTH

A belief that Knowledge Empowers People lies at the heart of HumanSoft's DNA and is a key contributor to its success.

Humansoft Holding and subsidiaries are world-class institutions and this is demonstrated through their adherence to the best global standards in terms of accreditation, ranking, and rating These international benchmarks are evidence of the institutions' superior positioning regionally and globally.

The international accredetations and the ranking that we are proud:

AUM

QAA GLOBAL
Institution accredited
The American University of the Middle East
Valid 10/2023 - 10/2028

AACSB ACCREDITED

ABET
Engineering Accreditation Commission

QS WORLD UNIVERSITY RANKINGS 2026
IN THE TOP 600 IN THE WORLD

QS WORLD UNIVERSITY RANKINGS
ARAB REGION
IN THE TOP 20
2026

QS RATED OUTSTANDING

THE World University Rankings 2026

THE Arab University Rankings 2026

4 PALMES Of Excellence 2025

QS WORLD UNIVERSITY RANKINGS
BY SUBJECT 2025

THE World University Rankings 2026 by Subject

QS WORLD UNIVERSITY RANKINGS
SUSTAINABILITY 2026

UI GreenMetric
World University Rankings

Times Higher Education
Impact Rankings 2025

ACM

ABET
Engineering Technology Accreditation Commission

ACBSP ACCREDITED

CEO'S MESSAGE

Georges Yahchouchi - PHD

Chief Executive Officer- Humansoft

Delivering Sustainable Growth Through Excellence, Innovation, and Effective Governance

Dear Shareholders,

Throughout 2025, Humansoft Holding demonstrated resilience, strategic discipline, and sustained performance across its institutions both the American University of the Middle East (AUM) and the American College of the Middle East (ACM).

Our results reflect a clear commitment to delivering long-term shareholder value through academic excellence, operational efficiency, responsible financial management, and effective governance.

The year was marked by strong institutional performance across key value drivers: academic quality, international recognition, research expansion, digital transformation, sustainability leadership, and operational optimization. These achievements were realized within a framework of effective Board oversight, reinforcing the strength and resilience of Humansoft's operating model.

Strengthening Competitive Position and Growth Potential

Humansoft continues to consolidate its position as a leading higher education provider in the region, supported by strong brand equity, international accreditations, and expanding global and world class partnerships.

AUM maintained strong performance in major global rankings, including QS and Times Higher Education, enhancing institutional reputation and market competitiveness. The College of Business Administration further strengthened its international standing by earning 4 Palmes of Excellence from Eduniversal, reinforcing our value proposition to students and stakeholders.

Strategic accreditation milestones, including ABET accreditation for Architectural Engineering and continued progress toward U.S. institutional accreditation, enhance international recognition, student demand, and long-term institutional positioning. These advancements directly support sustainable enrollment growth, academic differentiation, and long-term revenue resilience.

Research Growth and Intellectual Capital

Sustained investment in research infrastructure and faculty development continues to strengthen AUM's research ecosystem. In 2025, nine AUM faculty members were recognized among Stanford University's World's Top 2% Scientists. A distinction that enhances institutional reputation and reinforces academic credibility. Research excellence contributes not only to academic prestige but also to long-term institutional differentiation, talent attraction, and global partnerships, all critical drivers of future growth.

Innovation, Digital Transformation, and Operational Efficiency

Innovation and digital transformation remain central to Humansoft's strategy for enhancing productivity and long-term competitiveness.

The integration of Artificial Intelligence and advanced data-driven systems across academic and administrative functions is improving operational efficiency, strengthening decision-making, and enhancing student experience. These initiatives contribute to cost optimization, performance monitoring, and scalable institutional growth.

Strategic partnerships with leading global institutions, including UC Berkeley, Babson College, and HEC Montréal, further strengthen AUM's international positioning and expand opportunities for program development, graduate education, and entrepreneurial ecosystems.

Sustainability as a Strategic Value Driver

At Humansoft, sustainability is not only a responsibility, but also a strategic value driver. Through AUM and ACM, we continue to embed environmental, social, and governance (ESG) principles across academic programs, research initiatives, campus operations, and stakeholder engagement. Our alignment with the United Nations Sustainable Development Goals (SDGs) strengthens institutional resilience and long-term societal impact.

AUM's continued recognition in leading international sustainability frameworks, including the Times Higher Education Impact Rankings, QS Sustainability Rankings, and UI GreenMetric, reinforces its position as the most sustainable institution in Kuwait.

Strong ESG integration enhances brand strength, mitigates long-term risks, improves operational efficiency, and supports sustainable financial performance, directly aligning with shareholder interests.

Effective Governance

Humansoft's sustained performance is anchored in effective governance framework that promotes accountability, transparency, and effective oversight across its operations. Humansoft holding maintains strong financial discipline, robust risk management practices, and a structured approach to decision-making and resource allocation. This governance model ensures that growth initiatives are executed responsibly, risks are carefully managed, and strategic priorities remain aligned with long-term institutional objectives and shareholder expectations.

Sustainable Growth

As we progress through 2026, Humansoft Holding remains focused on disciplined expansion, academic innovation, operational excellence, and sustainable growth.

Building strong institutional fundamentals, we will continue to:

- Expand high-demand academic offerings in graduate and undergraduate studies
- Strengthen research excellence and innovation capacity
- Enhance digital infrastructure and AI integration
- Deepen global partnerships with world class institutions
- Maintain rigorous financial discipline and governance standards

Our long-term vision remains clear: to advance higher education through excellence and innovation while delivering sustainable, resilient returns to our shareholders.

On behalf of the executive leadership team, I extend my sincere appreciation to our Board of Directors for their continued guidance and to our shareholders for their trust and confidence in Humansoft Holding.

We remain committed to building enduring institutional strength and long-term shareholder value.

ENVIRONMENTAL, SOCIAL, & GOVERNANCE (ESG)

HumanSoft Holding is committed to strengthening its role as a leading investor in both the economic and educational sectors by enhancing its institutional performance and implementing best management practices across its subsidiaries. The company places particular emphasis on promoting sustainability and fostering a culture of diversity and inclusion within the workplace, thereby empowering employees and supporting the development of their professional skills.

In line with its commitment to society, HumanSoft focuses on advancing the quality of education, aiming to prepare qualified professionals equipped with the knowledge and skills necessary to meet labor market demands and achieve long-term sustainable success across various disciplines.

Recognizing the importance of governance as a cornerstone of institutional growth, HumanSoft diligently applies governance principles within its operational processes while also encouraging its subsidiaries to adopt these practices. This commitment reflects the company's dedication to building relationships based on trust and transparency with shareholders and stakeholders, adhering to international standards, and promoting integrity and corporate responsibility.

Environment

Sustainability is a fundamental pillar of HumanSoft Holding's vision and that of its subsidiaries, with a strong commitment to fostering an environmentally responsible culture across all activities. Humansoft issued its 2024 Sustainability Report, titled "Roots of Impact for a Sustainable Future," which was published on Boursa Kuwait in June 2025. Both the American University of the Middle East (AUM) and the American College of the Middle East (ACM) implement initiatives aimed at reducing paper and plastic consumption, organizing awareness programs that encourage recycling, adopting eco-friendly transportation, and preserving green spaces on and off campus.

Notably, AUM is a member of the Principles for Responsible Management Education (PRME) initiative under the United Nations Global Compact. The university has also received international recognition as the most environmentally committed and sustainable university in Kuwait, according to the UI GreenMetric World University Rankings.

- AUM maintained its leadership in key global rankings, retaining the top position in Kuwait in the UI GreenMetric 2025, advancing to 176th globally, and remaining among the top five universities in the GCC for the third consecutive year.

- The university also made progress in the QS Sustainability Rankings 2026, leading universities in Kuwait and ranking 509th globally.

- Furthermore, AUM retained the top position locally in the Times Higher Education (THE) Impact Rankings 2025, placing among the top 300 universities worldwide. The UI GreenMetric ranking evaluates universities' commitment to sustainability across core areas including infrastructure, energy and climate management, waste, water, transportation, as well as education and research. The QS Sustainability ranking focuses on both practical and academic commitment to sustainability in research, education, community engagement, and infrastructure. The THE Impact Rankings assess universities' contribution to achieving the United Nations Sustainable Development Goals (SDGs).

- AUM's research productivity reflects a consistent commitment to advancing the Sustainable Development Goals (SDGs), with scholarly outputs showing progressively stronger alignment with the university's research priorities and strategic directions. Over the 2022–2025 four-year cycle, the most substantial contribution was to SDG 7 (Affordable and Clean Energy), accounting for a total of 416 publications.

- The university actively engages with the local community through initiatives and events, including the AUM Startup Challenge 2025 and tree-planting campaigns in observance of Global Sustainability Day.

Social Life

HumanSoft places significant emphasis on creating a healthy and motivating work environment that attracts and retains top talent. The company empowers faculty and staff by fostering diversity and inclusion, supporting research initiatives, providing continuous professional development opportunities, and organizing social and educational activities that enhance employee wellbeing and satisfaction.

The workforce comprises over 800 employees from more than 60 nationalities, while female students represent approximately 50% of the student body, reflecting the company's commitment to diversity and equality.

Believing that human capital is key to success, HumanSoft invests in continuous development programs that enhance employees' professional and personal skills, covering areas beyond the workplace, including health and essential life skills.

The company provides an inclusive working environment equipped with facilities such as walking and cycling paths, accessible routes for persons with disabilities, and specialized transportation. These initiatives align with three United Nations Sustainable Development Goals: Good Health and Well-being (SDG 3), Gender Equality (SDG 5), and Reduced Inequalities (SDG 10).

Corporate Governance Best Practices

HumanSoft emphasizes that the effective implementation of governance principles is vital to maintaining trust with partners and stakeholders. The company continuously works to enhance its governance framework in alignment with regulatory requirements and best practices, ensuring it meets the expectations of all stakeholders.

Both the Board of Directors and the executive management are fully committed to complying with regulations and directives issued by the Capital Markets Authority, as well as the governance framework associated with these standards, ensuring the highest levels of transparency and integrity across all operations.

The key objectives of corporate governance at HumanSoft Holding include:

- Ensuring the efficiency and effectiveness of the Board of Directors and executive management.
- Upholding the highest standards of integrity and transparency in all company operations.
- Empowering strong leadership capable of achieving institutional sustainability.
- Supporting sustainable growth and enhancing long-term value and profitability.

GOVERNANCE

GOVERNANCE REPORT OF HUMANSOFT HOLDING COMPANY (KSCP)

FOR THE FISCAL YEAR 31/12/2025

With the continuous evolution of governance standards, Humansoft is committed to keeping pace with these developments and adopting the best practices, while consistently ensuring compliance through the highest levels of transparency and integrity, and by organizing the relationship between the Board of Directors, executive management, and stakeholders in a comprehensive manner. The company also ensures full compliance with the laws and regulatory rules issued by the Capital Market Authority. Humansoft's objectives lie in the effective implementation of governance principles, where sound decision-making serves as the foundation for achieving these goals.

The company has strengthened its governance framework by enhancing administrative procedures, improving internal control systems, and integrating the concepts of transparency and managerial accountability across all its operations. in this context, governance at Humansoft is not limited merely to adherence to regulations and laws; it also encompasses fostering a culture of ethics, integrity, and corporate responsibility. The adopted governance framework is designed to ensure full transparency and ethical conduct in all company activities, based on the belief that sound governance principles are the cornerstone for achieving sustainable development. Accordingly, Humansoft continues to advance its practices in this area through the periodic review of Board policies and corporate governance practices.

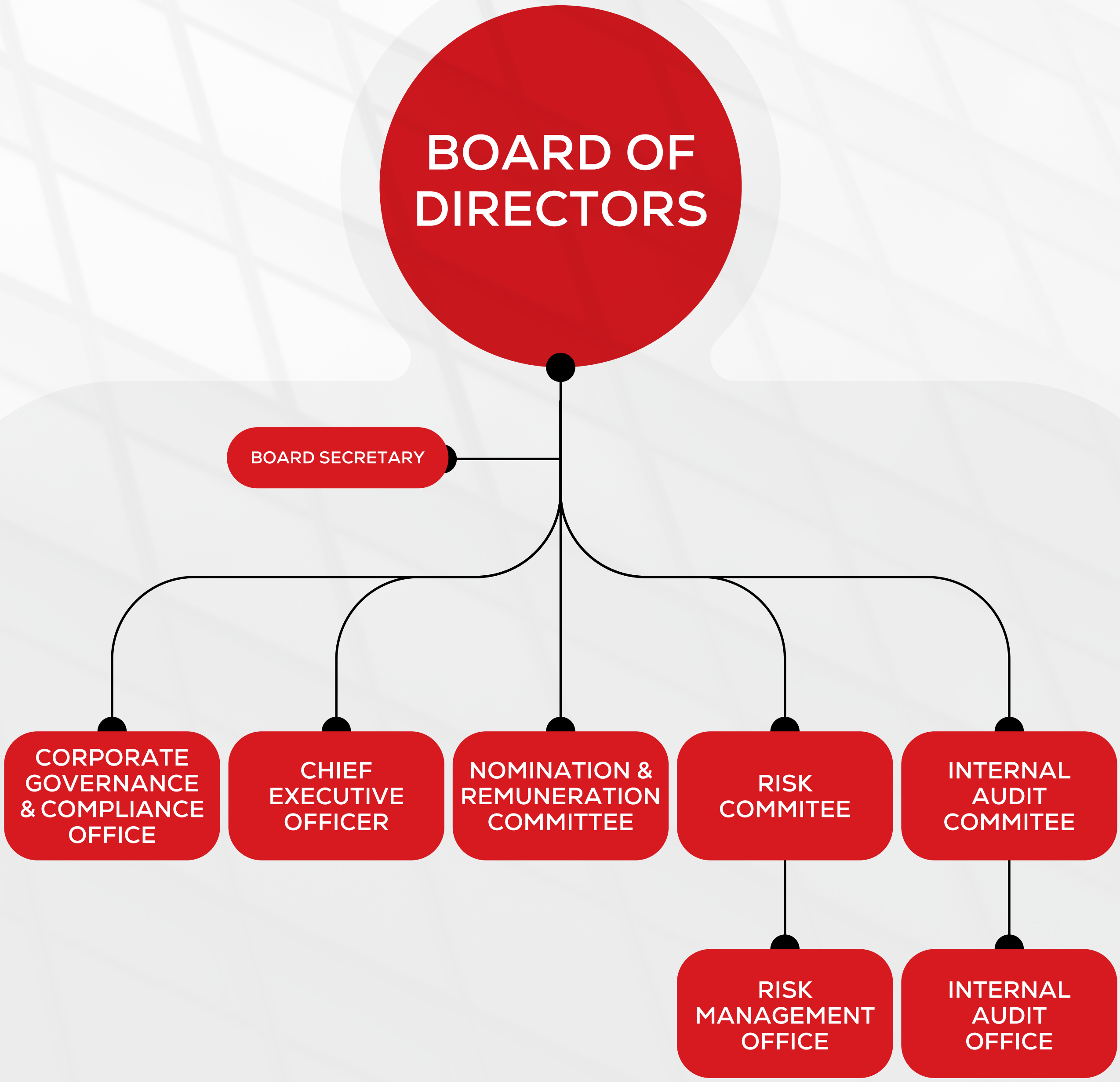
GOVERNANCE FRAMEWORK

CONSTRUCTION OF A BALANCED BOARD COMPOSITION

Brief on the formation of the Board of Directors:

NAME	CLASSIFICATION	QUALIFICATION & PRACTICAL EXPERIENCES	DATE OF ELECTION /APPOINTMENT
Mr. Tareq Fahad Al Othman	Non-executive	University degree Bachelor in Accounting More than 19 years of experience	14 April 2025
Ms. Dalal Hasan Al Sabti	Non-executive	University degree Bachelor in Management Information System More than 22 years of experience	14 April 2025
Mr. Mayank Hasmukhlal Baxi	Non-executive	University degree Bachelor in Commerce Chartered Accountant (CA) More than 30 years of experience	14 April 2025
Mr. Abdulrazzaq Abdullah Mohammad	Independent	University degree Master in Law More than 45 years of experience	14 April 2025
Mr. Hasan Qasem Al Ali	Non-executive	University degree Bachelor of Business Commerce Around 41 years of experience	14 April 2025
Mrs. Nisreen Yasser Rashid	Board's Secretary	University degree Bachelor of Science in Computer Science and Mathematics More than 20 years of experience	16 April 2025

ORGANIZATIONAL STRUCTURE AND COMMITTEES



Summary of the Board's meetings as follows,
The Board of Directors held 12 meetings during the year of 2025:

	Mr. Tareq Fahad Al Othman Chairman	**Mr. Mayank Hasmukhlal Baxi** Vice Chairman of Board of Directors	**Ms. Dalal Hasan Al Sabti** Board member	**Mr. Abdulrazzaq Abdullah Mohammad** Independent member	**Mr. Hasan Qasem Al Ali** Member
Meeting No. (1) Date: 10/02/2025	✓	✓	✓	✓	✓
Meeting No. (2) Date: 13/03/2025	✓	✓	✓	✓	✓
Meeting No. (3) Date: 18/03/2025	✓	✓	✓	✓	✓
Meeting No. (4) Date: 16/04/2025	✓	✓	✓	✓	✓
Meeting No. (5) Date: 04/05/2025	✓	✓	✓	✓	✓
Meeting No. (6) Date: 05/05/2025	✓	✓	✓	✓	✓
Meeting No. (7) Date: 19/05/2025	✓	✓	✓	✓	✓
Meeting No. (8) Date: 29/06/2025	✓	✓	✓	✓	✓
Meeting No. (9) Date: 15/07/2025	✓	✓	✓	✓	✓
Meeting No. (10) Date: 23/10/2025	✓	✓	✓	✓	✓
Meeting No. (11) Date: 09/11/2025	✓	✓	✓	✓	✓
Meeting No. (12) Date: 15/12/2025	✓	✓	✓	✓	✓
No. of Meetings	12	12	12	12	12

*The sign (✓) when the board member attends the board's meeting.

A summary on Modality of Implementation of the Requirements of Registration, Coordination and Archiving Board Meeting Minutes:

It is considered one of the company's obligations to be always keen to implement the requirements for saving and coordinating minutes' meetings, as well as keeping these minutes of meeting in a way that enables the members of the Board of Directors to revert back to them. The minutes of meetings are considered official records, and it is the responsibility of the secretary in preserving these records and minutes and any decision related to them. Additionally, it is the responsibility of the secretary to ensure the availability of these records upon request by members of the Board of Directors., therefore:

1. The company maintains a special register of the minutes of Board meetings and Minutes of committee meetings, As well as all reports related to the minutes of meetings.
2. Numbering the minutes of the meetings. A serial number, date, place and time of start and end of the meeting, In a way that allows sufficient time to discuss all clauses of the minutes and the names of members present in the meeting and absent members with excuse or without excuse are documented in the Board minutes.
3. Board Secretary is responsible of sending Invitations to the members of Board of Directors regarding the board meetings no less than three working days and make sure they receive these invitations.
4. Board members present at the meeting sign the minutes of the meeting.
5. Classifying the minutes of board meetings, recording its decisions and storing them in the Company's records, and enabling the Board members to obtain and view them at any time.
6. Adopting a policy that ensures compliance with the requirements of the Authority's regulations in this regard.
7. Maintaining all policies approved by the board of directors.
8. Ensuring the board's commitment to corporate governance.
9. Constantly keeping up with the best practices of sustainability and governance.
10. Preparing for ordinary and extraordinary general meetings.
11. Supervising disclosures related to board meetings and decisions.

The declaration of the independent member that it fulfills the controls of independence:
The independent member declares, through an acknowledgement issued by them, that they have nothing to prevent their independence as specified by the executive regulations of the Capital Markets Authority, as they:

1. Do not hold 5% or more of the company Shares or a representative of them.
2. Are not first degree relatives with any of the Members of the Board of Directors or Executive management members in the company or any other company in its Group or other relevant main parties.
3. Are not a member of the Board of Directors in any other company of the Group.
4. He is not an employee in the company or any company in the Group or for any of the Stakeholders.
5. He is not an employee for corporate entities who own Control shares in the company.

We confirm that in the event of any change affecting the independence of the independent member, he will notify the company in writing without any delay.

ACKNOWLEDGMENT AND UNDERTAKING OF THE INDEPENDENT MEMBER

I, Abdul Razzaq Abdullah Muhammad, as an independent member of Humansoft Holding. I declare I have nothing to prevent my independence as specified by the executive regulations of the Capital Markets Authority:

1. I do not hold 5% or more of the company Shares, neither does or a representative of mine.
2. I am not a first-degree relatives to any of the Members of the Board of Directors or Executive management members in the company or any other company in its Group or other relevant main parties.
3. I am not a member of the Board of Directors in any other company of the Group.
4. I am not an employee in the company or any company in the Group or for any of the Stakeholders.
5. I am not an employee for corporate entities that own Control shares in the company.

I also confirm that in the event of any change affecting my independence, I will notify the company in writing without any delay.

Abdulrazzaq Abdullah Mohammad

ESTABLISHMENT OF APPROPRIATE ROLES AND RESPONSIBILITIES

An overview of how the company determines the policy of duties, responsibilities, and responsibilities of each of the members of the Board of Directors and the executive management, as well as the authorities and powers delegated to the executive management:

Among the tasks entrusted to the chairman of the board of directors is to chair the board and coordinate with the committees. Among the duties of the board of directors is to regularly attend meetings. Everyone must prioritize the interest of shareholders and stakeholders. The board is committed to carrying out its duties in accordance with the applicable laws, internal regulations, and company policies, in addition to the bylaws that define the principles on which the board's operations, meetings, and membership are based.

The chairman of the board must chair the meetings in a way that ensures hearing all discussions and encourages active participation from members for the benefit of the company and shareholders.

The leadership responsibility of the company rests with the board of Directors in terms of making important and effective decisions that contribute to raising the value of the company in a profitable and steady manner. And permanent monitoring of the company's performance.

The Company's Board of Directors has adopted a policy that clarifies how to define the tasks, responsibilities, duties and powers of both the chairman and members of the board of directors and executive management in accordance with the Company's Articles of Association and the Rules of governance in the fifteenth Module of the Executive bylaws of Law No. 7 of 2010 for establishment of the Capital Markets Authority and their amendments and the Companies Law No. 1 of 2016. The permanent and continuous evaluation of the application of governance processes and standards is considered one of its most important responsibilities.

The company defines the policies, tasks, responsibilities, and duties of both the Board of Directors and the executive management through a clear and approved governance framework, aimed at achieving a balance between the supervisory role of the Board of Directors and the executive role of the management.
The Board of Directors, through a written authorization documented in the Minutes of the Board may delegate any of its powers to any member of the Board. The CEO exercises the functions and powers as specified in the policy in pursuance to the Board of Directors authorization.

The Board of Directors has the task of appointing the executive management by selecting competencies and setting performance standards for this department in line with the company's strategy and future goals.

In addition, specialized committees are formed to be appointed by the board of directors and to carry out the tasks assigned to them with a continuous evaluation of the work of these committees and their members by the board.

The company is committed to the principles of governance in order to achieve its strategic goals and preserve the interests of shareholders through the practical experiences of the Board of Directors and the Executive Management.

We present to you the most prominent achievements during this year:

The Company made a profit of KD 35,524,379 (Thirty-five million, five hundred twenty-four thousand, three hundred seventy-nine Kuwaiti Dinars only), in the fiscal year 2025.

We also highlight the most important tasks that the Board of Directors carried out during this year for Example but not limited to:

1. Approval of the company's annual and quarterly Financial Statements.
2. Approval of distributing cash dividends of 350 % of the nominal value of the share (350 fils per share) for the fiscal year ending on 31/12/2024.
3. Opening the nomination process for membership of the Board of Directors for its upcoming term based on the recommendation of the Nomination and Remuneration Committee, reviewing the candidates for Board membership, and submitting this recommendation to the General Assembly for the selection of Board members, including the independent member.
4. The positions of the newly elected Board members by the General Assembly were distributed, and the committees emanating from the Board (the Internal Audit Committee, the Risk Committee, and the Nomination and Remuneration Committee) were also formed.
5. Approving the 2024 Governance Report in accordance with the requirements of the Capital Markets Authority.
6. Discussing the Audit committee's recommendation for appointment of the auditors for the fiscal year ending on 31/12/2025.
7. Approving the annual report for the remuneration of the members of the Board of Directors and the Executive Management of the company submitted by the Remuneration and Nomination Committee to submit them to the General Assembly.
8. Approval of the key performance indicators (KPIs) for evaluating the Board of Directors and each of its committees.
9. Approving the Board of Directors' report for the annual general assembly on the company's activities and financial position for the fiscal year ending on December 31, 2024, and following up on the implementation of the approved strategies and plans.
10. Approval of the general framework for risk management and the risk register submitted to the Board of Directors by the Risk Management Committee.
11. Discussing and approving the risk appetite and studying any potential effects on the company.
12. Approval of the emergency plan and business continuity plan submitted to the board of directors by the risk management committee.
13. Approval of the estimated budget and the work plan for the year 2025.
14. Review and approve the sustainability plan.
15. Discussing the company's future strategy.
16. Review of the sustainability report 2024.
17. Reviewing the Authority Matrix and the company's organizational structure.
18. Reviewing and discussing the Integrated Reports.
19. Approving the appointment of an external audit firm to periodically review and evaluate the performance of the management and the Internal Audit Unit every three years.
20. Discussing the progress report of the Risk Management Office submitted to the board of directors by the Risk Management Committee; also, discussing and approving the reports of the Internal Audit Office submitted by the Audit Committee.
21. Reviewing all company policies and approving the amendments issued by the Capital Markets Authority.

Brief overview of fulfillment of the requirements for the formation of independent Board's committees:

INTERNAL AUDIT COMMITTEE	RISK COMMITTEE	NOMINATION & REMUNERATION COMMITTEE
Members of the Committee	Members of the Committee	Members of the Committee
Mr. Mayank Hasmukhlal Baxi (Chairman)	Mr. Abdulrazzaq Abdullah Mohammad (Chairman)	Mr. Tareq Fahad Al Othman (Chairman)
Mr. Hasan Qasem Al Ali (Member)	Mr. Hasan Qasem Al Ali (Member)	Mr. Mayank Hasmukhlal Baxi (Member)
Mr. Abdulrazzaq Abdullah Mohammad (Independent Member)	Mr. Mayank Hasmukhlal Baxi (Member)	Mr. Abdulrazzaq Abdullah Mohammad (Independent Member)
Number of meetings 7	**Number of meetings 4**	**Number of meetings 4**

1. Name of the Committee: The Internal Audit Committee

The Committee consists of three members and held seven meetings during the past year. The Audit Committee was reconstituted on 16 April 2025 based on a Board of Directors' resolution, and the Committee is now composed as follows:

Mr. Mayank Hasmukhlal Baxi	Chairman
Mr. Hasan Qasem Al Ali	Member
Mr. Abdulrazzaq Abdullah Mohammad	Member (Independent)

	Mr. Mayank Hasmukhlal Baxi Chairman of the committee	**Mr. Hasan Qasem Al Ali** Member	**Mr. Abdulrazzaq Abdullah Mohammad** Member / Independent
Meeting No. (1) Date: 13/03/2025	✓	✓	✓
Meeting No. (2) Date: 04/05/2025	✓	✓	✓
Meeting No. (3) Date: 05/05/2025	✓	✓	✓
Meeting No. (4) Date: 19/05/2025	✓	✓	✓
Meeting No. (5) Date: 29/06/2025	✓	✓	✓
Meeting No. (6) Date: 15/07/2025	✓	✓	✓
Meeting No. (7) Date: 23/10/2025	✓	✓	✓
No. of Meetings	7	7	7

Its role is to assist the Board of Directors in carrying out supervisory and control tasks. The company's internal regulations and policies stated the responsibilities and powers of the Audit Committee which include implementing internal control systems, their adequacy, the integrity of accounting reports and internal audit reports, Its powers include ensuring the performance of the internal audit unit, reviewing the results of the internal audit reports, technical supervision of the internal audit department, reviewing its reports and verifying its effectiveness in carrying out the work and tasks specified by the Board of Directors. It also reviewing the observations of the external auditor on the company's financial statements (if any) and follows up on them, studies the accounting policy adopted, giving its opinion on it, and submits their recommendations to the Board of Directors.

As well preparing reports and providing appropriate recommendations and plans and submit them to the Board of Directors for approval. The committee achievements include for Example but not limited to:

1. The Committee reviewed the quarterly and annual financial statements and expressed its opinion and recommendation before submitting it to the Board of Directors for approval.
2. Meeting with the external auditor and follow up of their work, to ensure the accuracy of the financial statements.
3. Meeting with the Head of the Internal Audit Office and discussing with him the submitted reports.
4. Reviewing and approving the results of the internal audit office's report, in implementation of the approved internal audit work plan, and submit them to the Board of Directors.
5. Reviewing the report issued by the external audit firm to evaluate the performance of the Internal Audit Unit every three years.
6. Recommending to the Board of Directors the reappoint the external auditor.
7. Approving of the internal work plan of the year 2026.
8. Evaluate the internal Audit manager and ensure that his role is performed effectively.
9. Preparing the Audit committee report to be read to the annual general assembly.
10. Reviewing of the Audit Policy.

Date of formation of the committee:
16/4/2025 and its term ends with the end of the term of membership of board of directors.

2. Name of the Committee: The Risk Management Committee

The committee consists of three members. The committee held four meetings during the past year. The committee was restructured on April 16, 2025, based on a decision by the Board of Directors, and the committee now consists of the following members:

Mr. Abdulrazzaq Abdullah Mohammad	Chairman (Independent Member)
Mr. Hasan Qasem Al Ali	Member
Mr. Mayank Hasmukhlal Baxi	Member

	Mr. Abdulrazzaq Abdullah Mohammad Chairman (Independent)	**Mr. Mayank Hasmukhlal Baxi** Member	**Mr. Hasan Qasem Al Ali** Member
Meeting No. (1) Date: 20/03/2025	✓	✓	✓
Meeting No. (2) Date: 19/06/2025	✓	✓	✓
Meeting No. (3) Date: 29/09/2025	✓	✓	✓
Meeting No. (4) Date: 04/12/2025	✓	✓	✓
No. of Meetings	4	4	4

One of its most important tasks is to review the reports issued by the Risk Management Office, as well The responsibilities of this committee include ensuring that the company does not exceed the risk tolerance levels set by the Board of Directors,

It also reviews reports and policies of the Risk Office before getting the approval by the board of directors.

Responsibilities of the Risk Management Committee is to Prepare and review the risk strategies and policy before getting the approval by the board of directors, also Ensure that risk strategies and policy are compatible with the nature and size of the company's activities. As well, ensuring the availability of adequate resources and systems to manage risks and evaluating systems and mechanisms for identifying, measuring and following up on the various types of risks to which the company may be exposed to in order to identify their shortcomings. Helping the board of directors to determine and evaluate the acceptable level of risk in the company and ensuring that the company does not exceed this level of risk after its approval by the board of directors. also Reviewing the Risk profile and make recommendations regarding it before getting the approval by the board of directors.

and of its achievements for Example but not limited to:

1. The Committee approved the periodic report of the risk management office and referred it to the company's Board of Directors for discussion and approval.
2. The Committee approved the risk profile of the risk management office Including risk Appetite and referred it to the company's Board of Directors.
3. The Committee approved the risk management office register and referred it to the company's Board of Directors.
4. Approval of the emergency plan and business continuity plan,and submitting them to the Board of Directors.
5. Review of the risk policy.
6. Evaluation of the Head of the Risk Management Office.

Date of formation of the committee:
16/4/2025 and its term ends with the end of the term of membership of board of directors.

3. Name of the Committee: The Nomination & Remuneration Committee

The Committee consists of three members and held four meetings during the past year. The Nomination and Remuneration Committee was reconstituted on 16 April 2025 based on a Board of Directors' resolution, and the Committee is now composed as follows:

Mr. Tareq Fahad Al Othman	Chairman
Mr. Mayank Hasmukhlal Baxi	Member
Mr. Abdulrazzaq Abdullah Mohammad	Member (Independent Member)

	Mr. Tareq Fahad Al Othman Chairman	**Mr. Mayank Hasmukhlal Baxi** Member	**Mr. Abdulrazzaq Abdullah Mohammad** Chairman (Independent)
Meeting No. (1) Date: 10/02/2025	✓	✓	✓
Meeting No. (2) Date: 17/02/2025	✓	✓	✓
Meeting No. (3) Date: 13/03/2025	✓	✓	✓
Meeting No. (4) Date: 18/03/2025	✓	✓	✓
No. of Meetings	4	4	4

The responsibilities and tasks of this committee include nomination and re-nomination for the positions of Executive Management and the annual evaluation of their competencies and skills. Its responsibilities also include the annual evaluation of the competence of the members of the board of directors, the performance of each of the committees, and the approval of the annual report on the remuneration granted to members of the board of directors and the executive management.

During the fiscal year, achievements were the following for Example but not limited to:

1. Opening the nomination process for candidates for membership of the Board of Directors for its upcoming term.
2. Approving the nomination forms for candidates.
3. Discussing the nomination criteria, including that the candidate must meet the legal conditions and requirements stipulated in the Companies Law, the Capital Markets Authority's regulations, and the Company's Articles of Association; that the candidate must possess the appropriate experience and qualifications consistent with the nature of the Company's business; and that all required documents must be submitted in accordance with the specified procedures.
4. Reviewing the job description of the Board members.
5. Reviewing the candidates' applications and submitted documents for Board membership for the upcoming term, verifying compliance with the nomination requirements and criteria, reviewing the nomination forms and CVs of the candidates, and confirming the validity of the submitted documents.
6. Approving the annual report for the remunerations of members of the Board of Directors and the Executive management of the company.
7. Review the Key performance indicators (KPIs) for evaluating the company's Board of Directors.
8. Ensuring that Members of a Board of Directors independency is valid.

Date of formation of the committee:
16/04/2025 and its term ends with the end of the term of membership of board of directors.

A brief overview modality of fulfillment of implementation of the requirements that allow members of the Board of Directors to have access to information and data accurately and in a timely manner.

Board Members may ask for any information from the Board's Secretary. The Secretary is committed to providing the information and required documents precisely and in an appropriate time. Board members receive information regularly, such as periodic reports, and it is ensured that the required information is provided to board members well in advance of meetings.

RECRUITMENT OF HIGHLY QUALIFIED CANDIDATES

FOR MEMBERS OF THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT

A Brief overview of composition of the Nomination and Remuneration Committee:

The Board of Directors established the Nomination and Remuneration Committee from three members, among whom one is an independent member of the Board of Directors. The committee is chaired by a non-executive member. The Secretary of the Committee register and keeps the minutes of the meetings in addition to carrying out the administrative works of the committee.

As mentioned in the first rule, the five members of the Board of Directors possess the academic qualifications and practical experience in the investment and economic sectors and the required competence in order to achieve the desired goals. The Nomination and Remunerations Committee is responsible for conducting the annual evaluation of these members.

The committee also reviewed the objective performance indicators (KPIs) to evaluate the Board of Directors and each of its committees.

Report on the remunerations to the Members of the Board of Directors, the Executive Management and the managers, provided that it shall include the following information as a minimum:

1. Summary of the company's policy of compensations and incentives, specifically that related to Members of a Board of Directors, the Executive Management and the managers:

With regard to the remuneration of members of the Board of Directors, the Board of Directors, in its meeting held to discuss the annual financial statements, estimates the remuneration amount for each member of the Board, which is calculated based on the profits achieved and in accordance with the regulations of the law and Article 46 of the company's articles of association regarding the upper limit of the remuneration, which is 10% of the remainder of the profits.

The Board recommends the amount of the remuneration at its meeting. Then, the recommendation gets submitted to the annual general assembly for approval. As for the remunerations of the executive management and managers, there are no variable remunerations given to the executive management and managers, and if any, this requires the approval of the Board of Directors.

2. Include the following two statements

<table>
<tr><th colspan="9">REMUNERATIONS AND BENEFITS OF MEMBERS OF BOARD OF DIRECTORS</th></tr>
<tr><th rowspan="3">Total number of Members</th><th colspan="3">Remunerations and Benefits through the Parent Company</th><th colspan="4">Remunerations and Benefits through the Subsidiaries</th></tr>
<tr><th>Fixed Remuneration and Benefits (Kuwaiti Dinar)</th><th colspan="2">Variable Remuneration and Benefits (Kuwaiti Dinar)</th><th colspan="2">Fixed Remuneration and Benefits (Kuwaiti Dinar)</th><th colspan="2">Variable Remuneration and Benefits (Kuwaiti Dinar)</th></tr>
<tr><th>Health Insurance</th><th>Annual Remuneration</th><th>Committees’ Remuneration</th><th>Health Insurance</th><th>Monthly Salaries (total of the year)</th><th>Annual Remuneration</th><th>Committees’ Remuneration</th></tr>
<tr><td>5</td><td>Nil</td><td>250,000</td><td>Nil</td><td>Nil</td><td></td><td>Nil</td><td>Nil</td></tr>
</table>

<table>
<tr><th colspan="15">Total Remunerations and Benefits granted to five senior executives who have received the highest remunerations.
This is in addition to the Chief Executive Officer and the financial manager or their deputy, if not included*</th></tr>
<tr><th rowspan="3">Total Executive Positions</th><th colspan="7">Remunerations and Benefits through the Parent Company</th><th colspan="7">Remunerations and Benefits through the Subsidiaries</th></tr>
<tr><th colspan="6">Fixed Remuneration and Benefits (Kuwaiti Dinar)</th><th>Variable Remuneration and Benefits (Kuwaiti Dinar)</th><th colspan="6">Fixed Remuneration and Benefits (Kuwaiti Dinar)</th><th>Variable Remuneration and Benefits (Kuwaiti Dinar)</th></tr>
<tr><th>Monthly Salaries (total of the year)</th><th>Health Insurance</th><th>Annual Tickets</th><th>Housing Allowance</th><th>Transportations allowance</th><th>Children’s Education Allowance</th><th>Annual Remuneration</th><th>Monthly Salaries (total of the year)</th><th>Health Insurance</th><th>Annual Tickets</th><th>Housing Allowance</th><th>Transportations allowance</th><th>Children’s Education Allowance</th><th>Annual Remuneration</th></tr>
<tr><td>5</td><td>259,565</td><td>3,156</td><td>10,195</td><td>16,200</td><td>5,773</td><td>6,290</td><td>Nil</td><td>77,269</td><td>505</td><td>8,000</td><td>Nil</td><td>Nil</td><td>Nil</td><td>Nil</td></tr>
</table>

*Details of the segments and types of remuneration and benefits mentioned are examples without limitations.

3. Any substantial deviations from remuneration policy approved by Board of Directors.

Nil

SAFEGUARD OF THE INTEGRITY OF FINANCIAL REPORTING

A written undertaking of safety, integrity and accuracy of the financial reports.
Please refer to the financial statements section in the annual report.

A Brief Overview of the Implementation of the Requirements of the Formation of the Audit Committee:

The Board of Directors formed the Audit Committee from three members from among its members. The Committee is chaired by a non-executive member. All members have academic qualifications and practical expertise. The Secretary of the Committee registers and keeps the minutes of the meetings,and carries out the administrative work of the Committee. The committee meets regularly on a quarterly basis. The committee met seven times over the past year. The audit committee makes its recommendations to the Board of Directors.

As explained under Rule Two, the responsibilities of the Internal Audit Committee include monitoring the implementation of internal control systems, ensuring the integrity of accounting reports and internal audit reports, and providing recommendations to be submitted to the Board of Directors for approval. All these responsibilities fall within the framework of ensuring and safeguarding the integrity of the quarterly and annual financial reports.

In the event of a conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors (if any), a statement is included detailing and clarifying the recommendations and the reasons of the decision of the Board of Directors not to abide by them.

There is no conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors, including when the Board of Directors refuses to follow the recommendations of the Committee regarding the external auditor and/or internal auditor, the Board of Directors must include in the governance report a statement that clearly details these recommendations and the reasons behind the Board's decision.

Emphasizing the Independence and Neutrality of the External Auditor:

The responsibilities of the company's External Auditor in auditing financial reports and data, and verifying its accuracy are among their most critical responsibilities, and the neutrality of these auditors is considered a fundamental requirement. And they are accredited by the Capital Markets Authority.

An independent external auditor is appointed annually with independence and impartiality from the Board of Directors. The Board of Directors makes sure that the external auditors do not provide any services to the company other than the services required for auditing and reviewing.

Nomination to appoint or reappoint the external auditors is part of the task of the audit committee.

The Audit Committee submits their names to the Board of Directors, which in turn recommends them to the General Assembly for approval. The General Assembly re-appointed Deloitte & Touche as auditors for the company for the fiscal year 2025.

APPLYING SOUND SYSTEMS OF RISK MANAGEMENT AND INTERNAL AUDIT

A Brief statement of the implementation of the requirements for the establishment of an independent department / office / unit for risk management:

A company's Risk Management Office was established on 29/6/2016. The office has a full technical independence according to regulatory requirements and reports directly to the Risk Committee, Based on the organizational structure of the company approved by the Board of Directors.

The company's risk management has complete independence through its subordination to the Risk Committee, in addition to having a full Authority in order to carry out its work without granting it financial powers or powers that conflict with their supervisory role. The risk management department should consist of staff with qualifications and high professional competencies.

The personnel responsible for managing the Risk Management Office enjoy full independence through their reporting line to the Risk Committee formed by the Board of Directors. They are granted the necessary authority to perform their duties efficiently and effectively, without holding any financial powers or authorities that could create a conflict with their supervisory role.

The Risk Management function is composed of qualified personnel with a high level of competence and professional expertise.

Also reviewing the deals and transactions proposed to be carried out by the company with related parties and submitting appropriate recommendations regarding them to the Board of Directors (if any).

The Risk Management Office prepares the risk profile for the company, including the risk appetite, which explains and identifies the main risks that the company may be exposed to in its operating environment, such as business risks, financial risks and capital risks.

A Brief Overview on the Implementation of the Requirements of Forming the Risk Management Committee:

The Board of Directors formed a Risk Management Committee consisting of three Board members. The Committee is chaired by a non-executive (independent) member. All members also possess academic qualifications and practical expertise. The Secretary of the Committee is entrusted with registering and keeping the minutes of the Committee's meetings, and carrying out the administrative works of the Committee. The Committee meets regularly on a quarterly basis. The committee met four times during the year.

One of the main tasks of the committee is to assess the degree and levels of risk tolerance that the company can avoid and all possibilities to reduce potential risks, as mentioned in the second rule.

It performs its role in reviewing the progress reports of the Risk Management Office and ensures compliance with global standards for risk management.

Brief Overview of Control and Internal Audit Systems

The Company maintains a control and internal audit systems that cover all of its activities. Internal control systems aims at maintaining the integrity and accuracy of the company's financial statements and the efficiency of all its operations. It also aims to protect the rights of shareholders and raise the company's status. The principles of internal control are based on the dual control process (Four eyes Principles), through full separation of duties, dual inspection and control, and dual signature. The Company also developed an independent internal audit process as follows:

- The Internal Audit Office reports directly to the Audit Committee.
- The Board of Directors determines the duties and responsibilities of the internal audit; and the Audit Committee is responsible for monitoring the internal audit systems and their adequacy.

One of the company's goals is its keenness to implement internal management systems and ensure the commitment of all authorities directed to protect companies from any risks and to maintain the accuracy and integrity of the financial statements to help protect property rights. Dual control is considered an internal method for implementing control systems. The internal audit office, which is part of the audit committee, is one of the entities responsible for monitoring the internal audit systems and ensuring their effectiveness.

A brief statement of the implementation of the requirements for the establishment of the independent department / office / unit for internal auditing.

The Manager of internal audit office is appointed by the Board of Directors based on the nomination of the Audit Committee. The Internal Audit Office has complete independence and reports directly to the Audit Committee and to the Board of Directors. The manager of the Internal Audit Office is evaluated by the Audit Committee and ensures that his role is performed effectively.

The tasks of the audit office are as follows:

- Control procedures and supervision of the adequacy and effectiveness of internal control systems and their adequacy to protect the company's assets, the integrity of its financial data, and the efficiency of its operations in their administrative, financial, and accounting aspects.
- Preparing the annual internal audit work plan.
- Reasons for failure in implementing internal controls (if any), or weaknesses in their application, or emergency situations that have affected or may affect the company's financial performance, and the actions the company has taken to address the failure in implementing internal controls.

PROMOTING CODE OF CONDUCT AND ETHICAL STANDARDS

A Brief Overview of the code of conduct including standards and determinants of code of conduct and ethical standards:

The role of the Board of Directors is to set the standards and principles that help establish the company's ethical concepts and values. The Board of Directors has approved and adopted a code of conduct and its implementation for the Company. The code of conduct emphasizes a culture of professional and ethical behavior that enhances investor confidence in the company's financial integrity and safety. Commitment to this charter is the responsibility of every individual and employee of the company. The Charter includes the commitment of all employees of the Company to the laws and internal policies of the code of conduct, as well as commitment to the principles of honesty and integrity and not to exploit their positions for personal gains. Maintaining confidentiality and maintaining information. The code of conduct stresses that necessity of following the standards and requirements for professional conduct and ethical standards, in accordance with the Capital Market Authority's executive bylaws. It also deals with the Conflicts of interests, prohibiting bribery, and regulating the relationship of employees with each other on the one hand and between them and the company's clients on the other hand. The Charter also regulates reporting on violations of laws, policies and regulations of the company and the investigation process. This is in order to avoid violations that the company may be exposed to.

Summary of Policies and Mechanisms for Reducing Conflict of Interest Cases:

A member of the Board of Directors is obligated to report to the Company's Board of Directors any personal interest he may have in any activity or contract of the company, provided the reporting is registered in the minutes of the meeting and that member has no right to discuss and vote in the matters in which has any personal interest. The Chairman of the Board of Directors must declare at the General Assembly meeting any conflict of interests of any member of the Board who has a personal interest in the activities and contracts of the company. This declaration must be accompanied by a special report from the auditor. The Board deals with these cases in an appropriate manner in line with regulatory requirements. The Conflict of Interest policy also prohibits the employees of the Company from working for a client or competitor of the company during their employment.

TIMELY AND HIGH QUALITY DISCLOSURE AND TRANSPARENCY

A brief overview of the implementation of accurate and transparent presentation and disclosure mechanisms that define aspects, areas and characteristics of disclosure:

The Company's Board of Directors has approved and adopted a disclosure and transparency policy Which were reviewed during the year, according to which the Company is committed to accurate and transparent disclosure in accordance with the mechanisms set out in the executive bylaws of the Capital Markets Authority Law No. 7 of 2010 in Module 15 "Corporate Governance", Chapter 8 and Module 10 "Transparency and Disclosure". Disclosure aspects include material information, a list in the names of insiders, beneficiaries, remunerations for members of the Board of Directors, and any other disclosures required by the executive bylaws, Other disclosures required by the executive regulations include quarterly and annual financial statements, any material information, any changes in the list of insiders, and the board of directors and executive management. As well as the reports that the company is required to disclose, such as the sustainability report. It includes information about its key practices and operations related to sustainability and corporate social responsibility, ensuring that this approach keeps stakeholders informed about the company's efforts to operate in a responsible and sustainable manner and its progress in achieving sustainability goals.

The Corporate Governance Office is responsible for overseeing disclosure processes, ensuring the Company's compliance with all applicable laws and regulations. It also serves as the authorized point of contact with the Capital Markets Authority and any other regulatory body. The Office is committed to executing disclosures within the specified timelines in accordance with the approved regulatory requirements and deadlines.

A brief overview on the Implementation of the Requirements of Maintaining Record of Disclosures by the Board of Directors, Executive Management and the managers :

The existence of a disclosure register for the company ensures transparency and credibility.

The Company maintains a special record for the disclosures made by members of the Board of Directors and executive management. The record is made available to all shareholders of the company. The Company updates the contents of this records periodically.

These disclosures can also be viewed through the Board of Directors' Disclosures Register on the company's website.

A brief statement on the implementation of the requirements for forming Investor Relations Unit:

The Company regulates the Investors' Relations by making available and providing the necessary data and information to investors in a timely and accurate manner, through the recognized disclosure methods, including the company's website for receiving inquiries.

Also, these data and information are available to shareholders through the annual report, quarterly analysts' conference call, periodic reports, and others.

The analyst conference call is considered one of the important conferences in which shareholders are contacted directly, receiving all their inquiries and questions and answering them.

Also, one of the objectives of the Investor Relations Management Office who have competence and experience is to communicate with shareholders and investors on a permanent and continuous basis, with the aim of improving the company's position in the local and international market and attracting the largest number of investors and shareholders.

The company is also always keen to deal with all shareholders with honesty and equality and not to favor any personal interests at the expense of other interests.

A brief overview developing information technology infrastructure, and relying heavily on it for disclosures:

The company adopts the use of information technology for communication with shareholders, investors and stakeholders. A page dedicated to corporate governance has been created on the website of the Company, through which all recent information and data that may assist shareholders, current and potential investors to exercise their rights and evaluate the company's performance. It also includes all the disclosures and results of the periodic financial reports, and the company's information is updated on the Boursa Kuwait website And updating disclosures on the electronic disclosure system.The Governance Department also communicates with the Capital Markets Authority through e-mail and the Authority's website.

RESPECT OF THE RIGHTS OF SHAREHOLDERS

A summary of the implementation of the requirements for defining and protecting the general rights of shareholders, in order to ensure justice and equality among all shareholders:

The company is keen to protect the rights of its shareholders and constantly communicate with them. To communicate with shareholders, investors and stakeholders, the company adopts all communication channels, so that all up-to-date information and data are presented that help shareholders, current and potential investors to exercise their rights. Shareholders also have the right to participate in the company's general assembly, vote on its decisions, elect board members, and monitor the company's performance in general and the work of the board of directors in particular.

The Company follows its policy of "the General Assembly Guide and the Rights of Shareholders in the Company", which was approved by the company's Board of Directors in pursuance to Module 15, Chapter 9 ("Respecting the Rights of Shareholders"). The Company's policy guarantees in its activities to all shareholders, protection of their rights and equality and protecting their investments.

All shareholders have equal rights to obtain their share of the dividends, attend the general assembly meetings of the Company and vote on its decisions, discuss financial statements, run for membership in the Board of Directors, elect members of the board of directors, monitor the company's performance and the work of the Board of Directors and questioning them if they neglect to carry out their tasks or exceed the powers entrusted to them.

The company holds an analysts' conference call on a quarterly basis, in which it discusses the financial results with shareholders and answers their inquiries.

The disclosure register, through which the shareholders can view all developments in the company, is a means through which they obtain all information.

A summary of establishing a special register to be kept with the clearing agency, as part of the requirements for continuous monitoring of shareholders' data:

The Company has a special register for its shareholders with the Kuwait Clearing Company. The Company is notified on a daily basis on trades during the day, the names of the shareholders, their numbers and the percentage of ownership of each of them through daily trading reports.

This Shareholders register is updated on a daily basis, and coordination is made with the Kuwait Clearing Company in order to prepare all shareholders' invitations for the general assembly.

A brief overview of encouraging shareholders to participate and vote in the assembly meetings of the company:

The good financial performance of the company encourages the shareholders to attend the assembly meetings. Also, opening discussion and answering questions of the shareholders and enriching the discussions for the topics of the agenda encourages the shareholders represented in the meeting to participate in the discussion and enrich the meeting and to cast their vote on the decisions of the general assemblies of the Company.

The company also sends an invitation to all shareholders to attend the General Assembly through a disclosure (Through attendance and voting through via electronic system or direct attendance) that can be viewed on the company's page on the stock exchange, with prior determination of the agenda, its items, and the place and time of the meeting so that the shareholders can attend the meeting and discuss all items with the members of the Board of Directors and vote on them. The invitation is also published on the Kuwaiti daily newspapers and the company's website.

RECOGNIZING THE ROLE OF STAKEHOLDERS

An overview of the systems and policies that ensure protection and recognition of the rights of stakeholder:

The Company recognizes stakeholders in conformity with the definition of the CMA Executive Bylaws which includes all persons who have an interest with the company, including employees, clients, suppliers, creditors, etc.

Stakeholders are every person who has an interest in the company, such as employees, creditors, customers, suppliers, and service providers to the company. And in general, every person who has any relationship with the company or is concerned with its operations.

In its dealings with stakeholders, the company is keen to recognize all their legal and contractual rights, and to commit to fulfilling those rights to them in full and on their due dates, and to give the benefit to shareholders. The company also works to provide the best working conditions for its employees, and build a relationship of trust and respect, in addition to building fruitful relationships with all suppliers, contractors and customers at the basis of integrity, ethical behavior and mutual trust. The company also deals with external parties on the principle of justice and integrity, and protects their interests and ensures that they are given all their rights, and that no obligations are violated with them, along with preserving the interests and rights of the company. The company is also always keen to adhere to the instructions of all regulatory authorities such as, the Capital Markets Authority and other relevant regulatory authorities. Moreover, provide any documents, records and data if requested by representatives of these regulatory authorities, while applying the principle of transparency.

Any significant event that can occur, must be taken into consideration by the Board of Directors, the Executive Management and the affiliated committees so as not to affect the interests of shareholders

A brief overview on how to encourage stakeholders to participate in following up the company's various activities:

The Company strives to provide better working conditions for its employees, build a relationship of trust and respect between the employee and the company, and involve them in decision- making matters related to improving their work and discusses their suggestions. The company's policies also obligated the employees to report any of the violations, and sets out a mechanism for reporting and protecting the reporter who reported in good faith but his report was found not to be correct.

The company adopts a policy of reporting violations and a policy for complaints in order to guarantee the rights of stakeholders and increase their trust in the company.

The Company also strives to build constructive relationships with clients and suppliers based on mutual trust and respect and commitment to its contractual obligations as good faith requires. The Company welcomes any complaint submitted by any of the stakeholders and will study it carefully and respond to it accordingly.

ENCOURAGEMENT AND ENHANCEMENT OF PERFORMANCE

Summary of the implementation of the requirements for setting mechanisms enabling the members of the Board of Directors and the Executive Management to obtain continuous programs and training courses:

The company has an approved policy from Board for training of the members of the Board of Directors and Executive Management. This policy regulates the introduction of induction programs for new members and training courses for the members of the Board of Directors and the Executive Management through attending training programs, workshops and conferences related to their training needs.

Summary of evaluating the performance of the Board of Directors as a whole, and the performance of each member of the Board of Directors and Executive Management:

According to the policy adopted by the company, the evaluation is based on the Key Performance Indicators (KPIs) connected with extent of achieving the strategic goals of the company, the quality of risk management and the sufficiency of the internal control systems and that in accordance with the approved procedures, standards and models for the evaluation of the Board of Directors, each of the members of the Board, the Board Committees and Executive Management of the Company.

One of the most important Annual tasks of the nomination and remunerations committee is to review the key performance indicators (KPIs) to evaluate the Board of Directors of the company.

A brief overview of the efforts of the Board of Directors to create corporate values (Value Creation) for employees in the Company, through achieving strategic goals and improving performance rates:

The Board of Directors strives to create the corporate values of the Company through serious and continuous work to achieve the strategic goals of the Company and improve performance and full compliance with the applicable laws and regulations and in particular the Governance Rules. The Company's culture contributes greatly to improving the work environment and the performance of its employees, as the company's culture strives to qualifying employees and increasing their knowledge and creating optimal working environment. It also encourages teamwork and cooperation among employees and appreciate initiatives and creative work. The company also strives to enhance the employees' feeling of belonging to the Company.

FOCUS ON THE IMPORTANCE OF SOCIAL RESPONSIBILITY

A summary of developing a policy that ensures achieving a balance between the company's goals and society's goals:

The Company's Board of Directors places great emphasis on enhancing the role of social responsibility by adopting a comprehensive policy aimed at balancing the Company's strategic objectives with the needs of the community. This policy is implemented through its subsidiary companies.

An overview of the programs and mechanisms used that help highlight the company's efforts in the field of social work:

The Company issued its Sustainability Report in June 2025, which reviewed the five adopted pillars: Sustainability and Environment, Sports, Health and Wellness, Diversity, Inclusion and Innovation, Supporting and Developing Faculty and Staff, and Building a Workforce-Ready Generation. This commitment was reflected in numerous activities and initiatives implemented by the subsidiary companies, including the following highlights:

Sustainability and Environment

- AUM, one of HumanSoft's largest subsidiaries, is an active member of the United Nations initiative "Principles for Responsible Management Education (PRME)" under the UN Global Compact.
- In 2025, AUM maintained its academic leadership, confirming its position as the best university in Kuwait according to major global and regional rankings. Internationally and regionally, the university achieved notable progress. It ranked first in Kuwait for the fifth consecutive year according to the QS World University Rankings 2026 and advanced globally to rank 563; while it was placed in the 601–800 bracket globally according to the Times Higher Education (THE) World University Rankings 2026.
- In the Arab world, AUM retained the first position in Kuwait in the QS Arab University Rankings 2026 and ranked 19th regionally, in addition to achieving 26th place in THE Arab University Rankings 2026.
- In sustainability and environmental performance, AUM excelled in the 2025 UI GreenMetric World University Rankings, retaining first place in Kuwait, advancing to 176 globally, and maintaining a position among the top five universities in the GCC for the third consecutive year.
- The university also made progress in the QS Sustainability Rankings 2026, ranking first in Kuwait and 509 globally. Furthermore, it maintained first place in Kuwait in THE Impact Rankings 2025 for sustainable development, ranking among the top 300 universities worldwide.

Sports, Health, and Wellness

- Awareness campaigns covering breast cancer, diabetes, and mental health.
- Encouraging student participation in various sports competitions and activities to promote a healthy lifestyle and support the balance between academic achievement and physical activity.

Diversity, Inclusion and Innovation.

- Participation in international competitions, achieving outstanding accomplishments at both regional and global levels.
- Organizing various cultural events and activities highlighting the values of diversity, inclusion, and innovation.

Supporting and Developing Faculty and Staff

- Providing a supportive work environment at AUM and ACM based on transparency, academic excellence, professional development, equal opportunities, and gender equality.
- Signing cooperation agreements with local and international health institutions to ensure the health and safety of faculty and staff, alongside organizing activities and events that enhance their wellbeing.

Creating a Generation Ready to Work and Be Productive

- AUM signed a strategic partnership agreement with Coursera, a leading global e-learning platform, to allow its students to join the Coursera Career Academy, enhancing their professional skills and preparing them for future jobs through professional courses and certifications alongside their academic programs.
- AUM organized the 11th edition of its career fair, with participation from more than 55 local, regional, and international companies, and attendance exceeding 3,000 students and graduates from various disciplines.
- AUM participated as a main sponsor in the leading technology event Nexus, reaffirming its commitment to keeping pace with technological development and supporting innovation in education.
- The university organized an awareness seminar in collaboration with the Capital Markets Authority on campus to raise awareness of the Authority's work, vision, mission, and objectives.
- AUM organized the second edition of the Robotex Kuwait competition, in cooperation with the global Robotex competition, supporting innovation and developing students' skills in robotics and technology.

REPORT OF THE AUDIT COMMITTEE
FOR THE FISCAL YEAR ENDED 31/12/ 2025

Greetings,

During the previous fiscal year, the Audit Committee was keen to perform the tasks assigned to it and the powers entrusted to it by the company's board of directors. Its responsibilities included reviewing the quarterly and annual financial statements, evaluating the internal control systems and their efficiency, recommending the appointment of the company's external auditors, and holding periodic meetings within the framework of compliance with the laws of governance.

The Audit Committee held 7 meetings during the year 2025, The committee was reformed at April 2025 due to the election of a new Board of Directors, and the committee consists currently of the below three members:

Mr. Mayank Hasmukhlal Baxi	Chairman of the Committee
Mr. Hasan Qasem Al Ali	Member
Mr. Abdulrazzaq Abdullah Mohammad	Member (Independent)

The committee summarizes its report during the year 2025 as follows:

1. Key achievements and tasks of the committee

- The committee reviews the quarterly and annual financial statements and sets out recommendations before submitting it to the board of directors for approval.
- Meeting with the external auditor and following up their work to ensure the integrity of the financial statements.
- Meeting with the internal audit office, following up on their work, and reviewing all submitted reports and their validity.
- Recommending to the Board of Directors the Re-appointment of external auditor.
- Reviewing a report issued by the external audit office to evaluate the performance of the internal audit unit every three years.
- Reviewing the Internal Control Report issued by the independent audit office.
- Approving the internal audit work plan for the year 2026.
- Reviewing and approving the reports submitted by the internal audit office as per the approved internal audit work plan.
- Evaluating of the Internal Audit Manager.
- Reviewing the audit policy.

2. Review of the Internal Control Systems in the Company

During the fiscal year 2025, an internal audit was conducted in all departments of Humansoft Holding Company, according to the internal audit plan, with the aim of reviewing and evaluating the Company's internal control systems, and proposing the necessary amendments if necessary.

The outcomes of the audit showed that all the Company's operations were carried out in accordance with the approved procedure, and that the Company's management adopted all the necessary control procedures. All documents of the Company are kept in the Company's main office and the management of the Company is fully prepared to identify, evaluate and manage the Company's business and financial risks (if any) effectively and in accordance with best practices.

The Audit Committee seeks to perform its oversight role on the validity of the annual and quarterly financial statements before submitting them to the Board of Directors, supervising the Internal Audit Office, and assessing the manager of the Internal Audit Office, ensuring that his role is effectively performed, additionally, the committee ensures the accuracy and integrity of accounting and financial reports.

Also within its oversight responsibilities is the verification of the internal audit unit's performance, review of internal audit report findings, technical supervision of internal audit management, examination of its reports, and confirmation of its efficacy in executing tasks and duties outlined by the Board of Directors.

The committee also held periodic meetings with the internal auditor, during which it discussed the reports and all observations(if any) issued by the internal audit office and made sure that the Company's internal control systems of the various departments are proper and that the control tools are appropriate to achieve effective internal control. The committee also discussed and approved the proposed audit plan for auditing work within the company.

3. Review of the Consolidated Financial Statements of the Company

The committee reviewed the quarterly and annual financial statements for the fiscal year 2025 before presenting them to the Board of Directors, providing its opinion and recommendations accordingly. Additionally, it held a meeting with the external auditor.

The role of the Audit Committee is reflected in its review of the external auditor's observations on the company's financial statements (if any), as well as in expressing its opinion on these matters.

The committee also met with the Internal Audit Office, discussed the submitted reports, and remained committed throughout 2025 to its supervisory role in ensuring the integrity of financial data. The reports confirmed the accuracy and soundness of the company's financial statements and their compliance with accounting principles.

The financial statements for the fiscal year 2025 showed a decrease in the company's profits compared to the fiscal year 2024. This decline in profit was mainly due to lower revenues and higher expenses in 2025.

4. Review the Reports of the External Auditors and the Internal Audit Office and External Audit office

The external auditors' reports on the consolidated financial statements for the year 2025 and the reports of the Internal Audit Office were reviewed. These reports showed the integrity of the financial statements and the consolidated financials of Humansoft Holding Company, and that they were prepared in conformity with International Financial Reporting Standards (IFRS).

The Committee reviewed the Internal Control Report of the independent auditing office, and found, according to the report, that all departments of Humansoft Holding are committed to internal control systems and the applicable laws and regulations.

The Committee also discussed the report issued by the external audit office regarding the evaluation of the Internal Audit Unit's performance, which is conducted every three years. The report concluded that the Internal Audit Unit is committed to all necessary control procedures.

The committee also ensures that the auditors are officially registered in the records of the Capital Markets Authority and that they meet all accounting requirements, as well as ensuring their independence and integrity and that they do not provide any other services that conflict with the audit work.

FINANCIALS

BOARD OF DIRECTORS' REPORT 2025

The Board of Directors is pleased to present to you its financial results achieved by the institution along with the audited financial statements of HumanSoft Holding for the year ending December 31, 2025.

2025 Financial Highlights

- The company achieved an admirable performance in terms of revenues and profits during the year 2025. Humansoft continued its focus on the sustainability of its financial performance and thus achieve profitability through a clear plan to maintain the level of quality and efficiency.
- In 2025, revenue totaled KD 77.6 million, net profit reached KD 35.5 million, EBITDA stood at KD 38.8 million, and earnings per share amounted to 265 fils.
- Revenue decreased by 2% in 2025 compared to 2024.
- The overall costs in 2025 rose compared to 2024, primarily due to higher operational costs and an increase in general and administrative expenses

Balance Sheet

Humansoft's fortress balance sheet, high ROAA & ROAE provide protection, resilience, and enable Humansoft to remain robust.

- Cash and Bank Balances as at the end of 2025 stood at KD 67 million, compared to KD 74.3 million at the end of 2024.
- Total assets at the end of 2025 amounted to KD 133.2 million, compared to KD 143.8 million at the end of 2024.
- The average Return on Assets was 26% in 2025, compared to 28% in 2024.

Shareholders’ Equity

- Total equity at the end of 2025 stood at KD 110.7 million, compared to KD 122.1 million at the end of 2024.
- The average return on equity was 31% in 2025, compared to 32% in 2024.
- The Board of Directors recommended no contribution to voluntary reserve, as it has already exceeded 50% of the share capital.
- The Board of Directors recommended no contribution to statutory reserve, as it has already exceeded 50% of the share capital.

Dividend

The Board of Directors recommends cash dividends of 275 fils per share subject to the approval of the shareholders at the Annual General Assembly Meeting (AGM) and regulatory bodies.

KEY FIGURES & RATIOS	2025	2024	CHANGE
Revenue (KD mn)	77.6	79.2	-2%
EBITDA (KD mn)	38.8	43.1	-10%
EBITDA %	50%	54%	-4%
Net profit (KD mn)	35.5	40.0	-11%
Net Profit %	46%	51%	-5%
EPS (in fils)	265	298	-11%
Equity (KD mn)	110.7	122.1	-9%
Total Assets (KD mn)	133.2	143.8	-7%

Future Strategy

Humansoft concluded the year having successfully achieved its annual objectives and continues to advance its strategic journey through the effective execution of its long-term roadmap. The Company remains firmly focused on sustaining this performance through financial stability, supported by consistent revenue growth and profitability, while continuing to invest in the development of its educational institutions—most notably the American University of the Middle East and the American College of the Middle East. In parallel, the Company is committed to enhancing the quality of education to remain aligned with ongoing technological transformations and advancements in artificial intelligence.

The American University and College of the Middle East continues to uphold their commitment to the highest standards of academic quality and international accreditation. This commitment is reflected in the achievement of global accreditations and improved positions in international rankings, further strengthening its academic standing at both regional and international levels.

The Company is also progressing in its evaluation of new academic programs within the College of Engineering to address evolving labor market needs. These efforts are undertaken alongside the completion of the launch of the College of Health Sciences, the Master's program in Engineering, and the fulfillment of all required official approvals.

Furthermore, Humansoft continues to explore investment opportunities in advanced technologies related to the education and training sectors. These initiatives are designed to diversify income streams, establish new investment channels, support sustainable long-term growth, and enhance overall shareholder value.

FINANCIAL GROWTH OVER 10 YEARS FROM 2016 TO 2025

Humansoft strategies have resulted in generating consistently high net profit margins and maintaining a high rate of return on its equity and return on its assets.

Average dividend payout for the company has been consistently over 70% in the past five years.

Overall growth of the company in the past 10 years from 2016 to 2025 is showcased in its numbers.

The number of enrolled students grew at a CAGR of 2% over the 10 years from 2016 to 2025 from 10,360 in 2016 to 12,924 in 2025.

Total revenue for the company grew at a CAGR of 4% over the last 10-year period from KD 54.5 million in 2016 to KD 77.6 million in 2025.

Net profit for the company grew at a CAGR of 4% over the last 10-year period from KD 24.2 million in 2016 to KD 35.5 million in 2025.

The return on average shareholder's equity was 31% in 2025 and the return on average total assets was 26% in 2025.

UNDERTAKING OF THE CHIEF EXECUTIVE OFFICER

To: Board of Directors

Subject: Undertaking

I the undersigned, holding the position of the Chief Executive Officer in your esteemed company, hereby confirm the safety, integrity and accuracy of the financial statements, and that the financial statements of the company (for the year ended 31 December 2025) are displayed properly and fairly, and that they display all the financial aspects of the company's data and operating results, and that they are prepared according to the International Financial Reporting standards.

Sincerely,

Dr. Georges El Yahchouchi

UNDERTAKING OF THE CHIEF FINANCIAL OFFICER

To: Board of Directors

Subject: Undertaking

I the undersigned, holding the position of the Chief Financial Officer in your esteemed company, hereby confirm the safety, integrity and accuracy of the financial statements, and that the financial statements of the company (for the year ended 31 December 2025) are displayed properly and fairly, and that they display all the financial aspects of the company's data and operating results, and that they are prepared according to the International Financial Reporting standards.

Sincerely,

Anup Dhand

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF HUMANSOFT HOLDING COMPANY K.S.C.P.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Humansoft Holding Company K.S.C.P. (the "Parent Company") and its subsidiaries (together referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of consolidated financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HUMANSOFT HOLDING COMPANY K.S.C.P. (Continued)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Revenue Recognition The Group recognized revenue from higher education services amounting to KD 77,573,742 during the year ended 31 December 2025. Revenue from higher education services is recognized on a straight-line basis over the period of time the services are rendered. The Group's accounting policy related to revenue recognition is set out in note 2.13. Under ISAs, there is a presumed risk that revenue may be misstated due to improper recognition of revenue. There is inherently more judgment applied in determining the academic period such as the duration and the availability of resources which would have an impact on the estimated date of the completion of the performance obligation, which drives the amount and timing of revenue to be recognised and consequently this increases the level of audit effort required. Accordingly, we have considered this as a key audit matter.	Our audit procedures included, inter alia, the following: • obtaining an understanding of the significant revenue processes and identifying the relevant controls, IT systems and reports; • evaluating the internal controls, including automated controls, related to revenue recognition to determine if they had been appropriately designed and implemented; • testing the operating effectiveness of controls over the recording of revenue transactions; • test of details on a sample basis to determine if revenue was recorded over the period of time the services are rendered; • test of details of deferred revenue to determine the accuracy of the amount recorded and reconciled the debits in the deferred revenue account with the revenue recorded; • performed an analytical review of revenue using the number of students and fees compared to the prior year to identify, understand and corroborate unusual fluctuations, if any. We also assessed the disclosures in the consolidated financial statements relating to this matter against the requirements of IFRS Accounting Standards.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HUMANSOFT HOLDING COMPANY K.S.C.P. (Continued)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Other information included in the Parent Company's 2025 Annual Report

Management is responsible for the other information. Other information consists of the information included in the Annual Report of the Group for the year ended 31 December 2025, other than the consolidated financial statements and our auditor's report thereon. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of our auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HUMANSOFT HOLDING COMPANY K.S.C.P. (Continued)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HUMANSOFT HOLDING COMPANY K.S.C.P. (Continued)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016 and its executive regulations, as amended; and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended; that an inventory was duly carried out; and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016 and its executive regulations, as amended; or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2025 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our audit, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No 7 of 2010, concerning the Capital Markets Authority and its related regulations, as amended; during the year ended 31 December 2025 that might have had a material effect on the business of the Parent Company or on its financial position.

Bader A. Al-Wazzan
Licence No. 62A
Deloitte & Touche - Al-Wazzan & Co.

Kuwait
11 February 2026

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - AS AT 31 DECEMBER 2025

	Notes	2025	2024
		Kuwaiti Dinars	
ASSETS			
Current assets			
Cash and bank balances	4	67,007,011	74,286,447
Trade and other receivables	5	24,542,625	25,029,757
		91,549,636	**99,316,204**
Non-current assets			
Right-of-use assets	7	360,861	475,683
Property and equipment	8	34,360,726	37,160,267
Intangible assets	9	6,887,389	6,870,026
		41,608,976	**44,505,976**
Total assets		**133,158,612**	**143,822,180**
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		500,726	307,463
Accrued expenses and other liabilities	10	6,310,799	6,321,109
Lease liabilities	11	130,514	123,127
Deferred income	12	6,597,912	7,032,253
Retentions payable		155,785	127,925
		13,695,736	**13,911,877**
Non-current liabilities			
Lease liabilities	11	305,515	436,029
Provision for staff indemnity	13	8,439,993	7,336,848
		8,745,508	**7,772,877**
Total liabilities		**22,441,244**	**21,684,754**
Equity			
Share capital	14	13,476,607	13,476,607
Share premium		1,512,000	1,512,000
Statutory reserve	15	9,894,240	9,894,240
Voluntary reserve	16	6,739,304	6,739,304
Treasury shares	17	(288,877)	(288,877)
Treasury shares reserve	17	564,013	564,013
Retained earnings		78,819,118	90,237,905
Foreign currency translation reserve		963	2,234
Total equity		**110,717,368**	**122,137,426**
Total liabilities and equity		**133,158,612**	**143,822,180**

Mr. Tareq Fahad AlOthman
Chairman

The accompanying notes 1 to 27 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS – YEAR ENDED 31 DECEMBER 2025

		Kuwaiti Dinars	
	Notes	**2025**	**2024**
Revenue		77,573,742	79,160,708
Cost of operations	18	(17,881,916)	(16,765,727)
Gross profit		**59,691,826**	**62,394,981**
General and administrative expenses	19	(21,294,928)	(20,065,673)
Selling expenses	20	(3,160,570)	(2,645,674)
Finance charges		(33,620)	(40,900)
Other income		2,159,419	2,653,048
Profit before contribution to Kuwait Foundation for Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST"), Zakat and Directors' remuneration		**37,362,127**	**42,295,782**
Contribution to KFAS		(377,943)	(430,012)
NLST		(861,311)	(1,155,520)
Zakat		(348,494)	(468,889)
Directors' remuneration		(250,000)	(250,000)
Profit for the year		**35,524,379**	**39,991,361**
Basic and diluted earnings per share (fils)	21	**265**	**298**

The accompanying notes 1 to 27 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - AS AT 31 DECEMBER 2025

	Kuwaiti Dinars	
	2025	**2024**
Profit for the year	**35,524,379**	**39,991,361**
Other comprehensive income		
Items that may be reclassified subsequently to consolidated statement of profit or loss:		
Foreign currency translation adjustments	(1,271)	(12,612)
Other comprehensive loss for the year	**(1,271)**	**(12,612)**
Total comprehensive income for the year	**35,523,108**	**39,978,749**

The accompanying notes 1 to 27 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - YEAR ENDED 31 DECEMBER 2025

	Kuwaiti Dinars								
	Share capital	Share premium	Statutory reserve	Voluntary reserve	Treasury shares	Treasury shares reserve	Retained earnings	Foreign currency translation reserve	Total
Balance as at 31 December 2023	**12,834,864**	**1,512,000**	**9,894,240**	**6,418,432**	**(288,877)**	**564,013**	**95,917,043**	**14,846**	**126,866,561**
Total comprehensive income/(loss) for the year	-	-	-	-	-	-	39,991,361	(12,612)	39,978,749
Transfer to reserves	-	-	-	320,872	-	-	(320,872)	-	-
Dividend (note 26)	-	-	-	-	-	-	(44,707,884)	-	(44,707,884)
Issue of bonus shares (note 14)	641,743	-	-	-	-	-	(641,743)	-	-
Balance as at 31 December 2024	**13,476,607**	**1,512,000**	**9,894,240**	**6,739,304**	**(288,877)**	**564,013**	**90,237,905**	**2,234**	**122,137,426**
Total comprehensive income/(loss) for the year	-	-	-	-	-	-	35,524,379	(1,271)	35,523,108
Dividend (note 26)	-	-	-	-	-	-	(46,943,166)	-	(46,943,166)
Balance as at 31 December 2025	**13,476,607**	**1,512,000**	**9,894,240**	**6,739,304**	**(288,877)**	**564,013**	**78,819,118**	**963**	**110,717,368**

The accompanying notes 1 to 27 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS – YEAR ENDED 31 DECEMBER 2025

		Kuwaiti Dinars	
	Notes	**2025**	**2024**
OPERATING ACTIVITIES			
Profit before contribution to KFAS, NLST, Zakat and Directors' remuneration		37,362,127	42,295,782
Adjustments for:			
Depreciation and amortisation	19	3,712,694	3,567,436
Provision for staff indemnity	13	1,598,603	1,205,603
Net expected credit loss on financial assets	19	2,574,695	2,518,044
Gain on disposal of property and equipment	8	(573)	(724)
Property and equipment and Intangible assets written off	8&9	-	4,955
Finance charges		33,620	40,900
Interest income		(2,095,401)	(2,573,752)
Operating cash flows before working capital changes		**43,185,765**	**47,058,244**
Changes in:			
Trade and other receivables		(2,002,727)	(2,259,783)
Trade and other payables		193,263	(223,489)
Accrued expenses and other liabilities		718,158	697,040
Deferred income		(434,341)	7,362
Retentions payable		27,860	(25,026)
		41,687,978	**45,254,348**
Payment of staff indemnity	13	(495,458)	(386,999)
Payment of KFAS		(430,012)	(448,625)
Payment of NLST		(1,155,520)	(1,223,185)
Payment of Zakat		(468,889)	(495,675)
Directors' remuneration paid		(250,000)	(250,000)
Net cash from operating activities		**38,888,099**	**42,449,864**
INVESTING ACTIVITIES			
Purchase of property and equipment	8	(759,592)	(1,023,789)
Payments for intangible assets	9	(56,130)	(45,863)
Proceeds from disposal of property and equipment		600	3,375
Proceeds from liquidation of investments in associates		-	6,683
Margin deposits and restricted balance	4	261,716	(282,384)
Term deposits		(26,402,233)	36,902,233
Interest received		2,010,565	2,245,347
Net cash (used in)/from investing activities		**(24,945,074)**	**37,805,602**
FINANCING ACTIVITIES			
Finance charges paid		(33,620)	(40,900)
Repayment of principal portion of lease liabilities	11	(123,127)	(116,157)
Dividend paid		(47,204,960)	(44,425,503)
Net cash used in financing activities		**(47,361,707)**	**(44,582,560)**
Net (decrease)/ increase in cash and cash equivalents		**(33,418,682)**	**35,672,906**
Effects of exchange rate changes on cash and cash equivalents		(1,271)	(12,543)
Cash and cash equivalents at beginning of the year		42,793,204	7,132,841
Cash and cash equivalents at end of the year	4	**9,373,251**	**42,793,204**

The accompanying notes 1 to 27 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2025

1. Ownership and activities

Humansoft Holding Company K.S.C.P. ("the Parent Company") is a Kuwaiti Shareholding Company incorporated on 14 September 1997. The Parent Company and its subsidiaries are together referred to as "the Group".

The principal activities of the Parent Company are as follows:

1. Owning shares of Kuwaiti shareholding or foreign companies, as well as owning shares or stocks in Kuwaiti or foreign limited liability companies or participating in the establishment of these companies, in their two types, and their management, lending and guarantee for others.

2. Lending companies, in which it owns shares and guaranteeing them with third parties. In this case, the Parent Company's share in the capital of the borrowing company should not be less than the 20%.

3. Owning industrial property rights such as patents, industrial trademarks, or industrial fees or any other related rights and lease them to other companies to exploit them, whether inside or outside Kuwait.

4. Owning movables and properties necessary to carry out its operations within parameters allowed as per law.

5. Exploit surplus funds available with the Parent Company through investing in portfolios managed by specialized companies.

The Parent Company is listed on the Kuwait Stock Exchange and its registered office address is P.O. Box 305, Dasman 15454, State of Kuwait.

These consolidated financial statements were authorised for issue by the Board of Directors of the Parent Company on 11 February 2026 and are subject to approval of shareholders in the Annual General Assembly.

2. Basis of preparation and material accounting policies

2.1 Basis of preparation

These consolidated financial statements have been prepared in conformity with IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). These consolidated financial statements have been presented in Kuwaiti Dinars ("KD").

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a high degree of judgment or complexity or areas where assumptions and estimates are significant to these consolidated financial statements are disclosed in note 27.

2.2.1 New standards and amendments effective from 1 January 2025

The following amendments to IFRS Accounting Standards, which became effective for annual periods beginning on or after 1 January 2025, have been adopted in these consolidated financial statements. The application of these revised IFRS Accounting Standards has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for future transactions or arrangements.

Amendments	Description
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability	The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

2.2.2 Standards and revisions issued but not yet effective

At the date of authorization of these consolidated financial statements, the Group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

Standard and Amendments	Description	Effective Date
Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments	These amendments: • permit an entity to deem a financial liability (or part of a financial liability) that is settled using an electronic payment system to be discharged (and derecognised) before the settlement date if specified criteria are met. If an entity elects to apply this accounting policy, it must do so for all settlements made through the same electronic payment system. • clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; • add new disclosures for certain instruments with contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs. The requirements apply to each class of financial asset measured at amortised cost or FVTOCI and each class of financial liability measured at amortised cost; and • Investments in equity instruments designated at FVTOCI-require an entity to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss that relates to investments derecognised in the period and the fair value gain or loss that relates to investments held at the end of the period.	1 January 2026

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2025

Standard and Amendments	Description	Effective Date
IFRS 18 Presentation and Disclosures in Financial Statements	IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share. IFRS 18 introduces new requirements to: • present specified categories and defined subtotals in the statement of profit or loss • provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements • improve aggregation and disaggregation. The application of this standard may have an impact on the financial statements in future periods.	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements. A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it. An entity is only permitted to apply IFRS 19 if, at the end of the reporting period: • it is a subsidiary (this includes an intermediate parent) • it does not have public accountability, and • its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.	1 January 2027
Annual Improvements to IFRS Accounting Standards – Volume 11	Limited to amendments that either clarify the wording of an IFRS standard or correct relatively minor unintended consequences, oversights or conflicts between requirements in the standards	1 January 2027

Management anticipates that these new standards and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards and amendments may have no material impact on the consolidated financial statements of the Group in the period of initial application.

2.3 Financial instruments: Recognition/ Derecognition

A financial asset or a financial liability is recognized when the Group becomes a party to the contractual provisions of the instrument.

All regular way purchase and sale of financial assets are recognized using settlement date accounting. Changes in fair value between the trade date and settlement date are recognized in the consolidated statement of profit or loss or in the consolidated statement of profit or loss and other comprehensive income in accordance with the policy applicable to the related instrument. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the market place.

A financial asset (in whole or in part) is de-recognised when the contractual rights to receive cash flows from the financial asset has expired or the Group has transferred substantially all risks and rewards of ownership and has not retained control. If the Group has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the financial asset. A financial liability is derecognized when the Group's obligation specified in the contract is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and recognition of a new liability

2.4 Classification and measurement of financial assets and financial liabilities

Classification of financial assets

The Group determines classification and measurement category of financial assets, except equity instruments and derivatives, based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The expected frequency, value and timing of sales are also important aspects of the Group's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Contractual cash flows assessment

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows are Solely Payments of Principal and Interest ("SPPI").

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a basic lending arrangement are typically the consideration for the time value of money, credit risk, other basic lending risks and a profit margin. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

The Group reclassifies when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

2.4.1 Financial assets

The Group classifies financial assets upon initial recognition of IFRS Accounting Standard 9 into following categories

- Amortised cost (AC)
- Fair value through other comprehensive income (FVOCI)
- Fair Value Through Profit and Loss (FVTPL)

All financial assets are initially measured at fair value. Transaction costs are added to the cost of all financial instruments except for financial assets classified as at fair value through profit or loss. Transaction costs on financial assets classified as at fair value through profit or loss are recognised in the consolidated statement of profit or loss.

Amortised cost (AC)

The Group classifies financial assets at AC if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2025

Financial assets classified at AC are subsequently measured at amortised cost using the effective interest method adjusted for impairment losses, if any. Interest income, foreign exchange gains/losses and impairment are recognised in the consolidated statement of profit or loss. Any gain or loss on derecognition is recognised in the consolidated statement of profit or loss.

Fair value through other comprehensive income (FVOCI)

Debt instruments at FVOCI

The Group classifies debt instruments at FVOCI if it meets both of the following conditions:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instrument classified as FVOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in Other Comprehensive Income ("OCI"). Interest income and foreign exchange gains and losses are recognised in consolidated statement of profit or loss. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to consolidated statement of profit or loss.

Equity instruments at FVOCI

Upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as at FVOCI if they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by- instrument basis.

Equity instruments at FVOCI are subsequently measured at fair value. Changes in fair values including foreign exchange gains and losses are recognised in OCI. Dividends are recognised in consolidated statement of profit or loss when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment. On derecognition, cumulative gains or losses are reclassified from fair value reserve to retained earnings in the consolidated statement of changes in equity.

Fair Value Through Profit and Loss (FVTPL)

Financial assets whose business model is to acquire and sell, or whose contractual terms do not give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, are classified as FVTPL.

In addition to the above, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets classified as FVTPL are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in the consolidated statement of profit or loss. Interest income and dividends are recognised in the consolidated statement of profit or loss according to the terms of the contract, or when the right to payment has been established.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

2.4.2 Financial liabilities

Financial liabilities are mainly classified as "Financial liabilities other than at fair value through profit or loss". This comprises of retentions payable, trade payables, lease liabilities and accrued expenses and other liabilities.

Financial liabilities other than at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the effective interest rate.

2.5 Impairment of financial assets

IFRS Accounting Standard 9 introduces three-stage approach to measuring Expected Credit Loss ("ECL"). Assets migrate through the following three stages based on the change in credit quality since initial recognition.

Stage 1: 12 months ECL

The Group measures loss allowances at an amount equal to 12-month ECL on financial assets where there has not been significant increase in credit risk since their initial recognition or on exposures that are determined to have a low credit risk at the reporting date. The Group considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Stage 2: Lifetime ECL – not credit impaired

The Group measures loss allowances at an amount equal to lifetime ECL on financial assets where there has been a significant increase in credit risk since initial recognition but are not credit impaired. When determining whether the credit risk on a financial instrument has increased significantly, management considers reasonable and supportive information available, in order to compare the risk of a default occurring at the reporting date with a risk of a default occurring at initial recognition of the financial instrument.

Stage 3: Lifetime ECL – credit impaired.

A financial asset is considered as credit impaired when there is objective evidence that the amount due under the financial asset is uncollectible. The Group considers a financial asset as credit impaired if the amount due under the financial instrument is overdue by more than 300 days except for amount due from Kuwait government, or if it is known that the counter party has any known difficulties in payment. Amounts due from Kuwait government are subject to ECL assessment if the amount is due for more than one year since the Kuwait government is highly rated. The Group provides for 100% impairment for non-government receivables outstanding for more than two academic semesters.

Life time ECL is ECL that result from all possible default events over the expected life of a financial instrument. The 12 month ECL is the portion of life time expected credit loss that result from default events that are possible within the 12 months after the reporting date. Both life time ECLs and 12 month ECLs are calculated on either an individual basis or a collective basis depending on the nature of the underlying portfolio of financial instruments. ECL is the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the financial instruments and potential changes to the current amounts allowed under the contract including amortisation.

The EAD of a financial asset is its gross carrying amount. The LGD represents expected loss conditional on default, its expected value when realised and the time value of money.

The Group applies the simplified approach to recognise lifetime expected credit losses for its trade receivables as permitted by IFRS Accounting Standard 9. Accordingly, trade receivables which are not credit impaired and which do not have significant financing component is categorised under stage 2 and lifetime ECL is recognised.

Loss allowances for ECL are presented as a deduction from the gross carrying amount of the financial assets at AC.

2.6 Consolidation

The Group consolidates the financial statements of the Parent Company and subsidiaries (i.e. investees that it controls) and investees controlled by its subsidiaries.

The Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- Voting rights and potential voting rights;

The financial statements of subsidiaries are included in the consolidated financial statements on a line-by-line basis, from the date on which control is transferred to the Group until the date that control ceases.

Non-controlling interest in an acquiree is stated at the non-controlling interest's proportionate share in the recognized amounts of the acquiree's identifiable net assets at the acquisition date and the non-controlling interest's share of changes in the equity since the date of the combination. Total comprehensive income is attributed to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Changes in the Group's ownership interest in a subsidiary that do not result in loss of control are accounted for as equity transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2025

The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interest in the subsidiary and any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the Parent Company's shareholders. Non-controlling interest is presented separately in the consolidated statements of financial position and profit or loss. The non-controlling interests are classified as a financial liability to the extent there is an obligation to deliver cash or another financial asset to settle the non-controlling interest.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances based on latest audited consolidated financial statements of subsidiaries. Intra group balances, transactions, income, expenses and dividends are eliminated in full. Profits and losses resulting from intra group transactions that are recognized in assets are eliminated in full.

If a parent loses control of a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost as well as related non-controlling interests.

Any investment retained is recognized at fair value at the date when control is lost. Any resulting difference along with amounts previously directly recognized in equity is transferred to the consolidated statement of profit or loss.

2.7 Cash and cash equivalents

Cash on hand, demand and time deposits with banks whose original maturities do not exceed three months, net of bank overdrafts are classified as cash and cash equivalents in the consolidated statement of cash flows.

2.8 Property and equipment

Property and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Property and equipment are depreciated on a straight-line basis over their estimated economic useful lives, which are as follows:

	Years
Buildings and leasehold land improvements	20
Computers and peripherals	2-3
Furniture, fixtures & decorations	3-5
Equipment	3-5
Library books	4

Freehold land has indefinite useful life and is not depreciated.

These assets are reviewed periodically for impairment. If there is an indication that the carrying value of an asset is greater than its recoverable amount, the asset is written down to its recoverable amount and the resultant impairment loss is taken to the consolidated statement of profit or loss. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Properties in the course of construction for production or administrative purposes are carried at cost, less any recognised impairment loss and are classified as capital work in progress. Cost includes professional fees. Depreciation of these assets, on the same basis as other property and equipment, commences when the assets are ready for their intended use.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of profit or loss.

2.9 Intangible assets and goodwill

Identifiable non-monetary assets acquired and developed in connection with the business and from which future benefits are expected to flow are treated as intangible assets. Intangible assets comprise of university and college licenses, curriculum, in-house developed computer diploma programs and software, franchise cost, trademark, key money and brand. Intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised on a straight-line basis (except the university license that has an indefinite useful life) over their estimated useful lives, which are as follows:

	Years
Computer diploma, programs, software, systems and curricula	2-5
Franchise	5-10
Trade mark, Key money and brand	10

Goodwill arising in a business combination is computed as the excess of the aggregate of: the consideration transferred; the non-controlling interests proportionate share in the recognized amounts of the acquiree's net identifiable assets at the acquisition date, if any; and in a business combination achieved in stages the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree, over the net of the acquisition-date fair values of the identifiable assets acquired and liabilities assumed. Any deficit is a gain from a bargain purchase and is recognized directly in the consolidated statement of profit or loss.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is allocated to each of the cash generating units for the purpose of impairment testing. Gains and losses on disposal of an entity or a part of the entity include the carrying amount of goodwill relating to the entity or the portion sold.

Goodwill and intangible assets with indefinite useful lives are tested, at least annually, for impairment and carried at cost less accumulated impairment losses.

Assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as cash generating units for the purpose of assessing impairment of goodwill and intangible assets.

If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata, on the basis of the carrying amount of each asset in the unit. That relating to goodwill cannot be reversed in a subsequent period. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the asset for which the estimates of future cash flows have not been adjusted. The Group prepares formal five year financial projections for its businesses. These plans are used for the value in use calculation. Long range growth rates are used for cash flows into perpetuity beyond the five year period. Fair value less costs to sell is determined using valuation techniques and considering the outcome of recent transactions for similar assets in the same industry in the same geographical region.

2.10 Impairment of property and equipment

At each consolidated statement of financial position date, the Group reviews the carrying amounts of its property and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in income unless the relevant asset is carried at a revalued amount in which case the reversal of the impairment loss is recognised in the revaluation surplus.

2.11 Leases

At inception of a contract, the Group assesses whether the contract is a lease. A contract is a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. If the contract is identified as a lease, the Group recognises a right-of-use asset representing right to use the underlying asset and a lease liability to make the lease payments at the lease commencement date.

Payments associated with leases of short-term leases and low-value assets are recognized on a straight-line basis as an expense in the consolidated statement of profit or loss.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are also subject to impairment.

Lease Liability

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

2.12 Foreign currencies

The functional currency of an entity is the currency of the primary economic environment in which it operates and in the case of the Parent Company it is the Kuwaiti Dinar and in the case of subsidiaries it is their respective national currencies or the applicable foreign currency. Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the consolidated statement of financial position date are translated to Kuwaiti Dinars at the rates of exchange prevailing on that date. Resultant gains and losses are taken to the consolidated statement of profit or loss.

The income and cash flow statements of foreign operations are translated into the Parent Company’s reporting currency at average exchange rates for the year and their statement of financial position are translated at exchange rates ruling at the year-end.

Exchange differences arising from the translation of the net investment in foreign operations (including goodwill, long-term receivables or loans and fair value adjustments arising on business combinations) are taken to the consolidated statement of profit or loss and other comprehensive income.

When a foreign operation is sold, any resultant exchange differences are recognized in the consolidated statement of profit or loss as part of the gain or loss on sale.

2.13 Revenue recognition

Revenue is recognised over the period on a time proportion basis as and when the performance obligations are satisfied. Fees which are due or received are deferred and are taken to the consolidated statement of profit or loss as and when the service are rendered.

Interest income is accrued on a time basis with reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount.

2.14 Post-employment benefits

The Group provides post-employment benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

With respect to its national employees, the Group also makes contributions to a Government scheme calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

2.15 Treasury shares

Treasury shares consist of the Parent Company's own shares that have been issued, subsequently reacquired by the Parent Company and not yet reissued or cancelled. The treasury shares are accounted for using the cost method. Under the cost method, the weighted average cost of the shares reacquired is charged to a contra equity account. When the treasury shares are reissued, gains are credited to a separate account in equity (gain on sale of treasury shares), which is not distributable. Any realised losses are charged to the same account to the extent of the credit balance in that account. Any excess losses are charged to retained earnings then to reserves. Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of reserves, retained earnings and the gain on sale of treasury shares account. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

2.16 Provisions for liabilities

Provisions for liabilities are recognised, when, as a result of past events it is probable that an outflow of economic resources will be required to settle a present legal or constructive obligation; and the amount can be reliably estimated.

2.17 Contingencies

Contingent assets are not recognised as an asset till realization becomes virtually certain. Contingent liabilities are not recognized as a liability unless as a result of past events it is probable that an outflow of economic resources will be required to settle a present, legal or constructive obligation; and the amount can be reliably estimated.

2.18 Kuwait Foundation for the Advancement of Sciences (KFAS)

The Group calculates the contribution to KFAS at 1% of the Group's net profit for the year in accordance with the Amiri Decree issued on 12 December 1976 and its related regulations.

2.19 Zakat

Contribution to Zakat is calculated at 1% of the profit of the Group computed in accordance with Law No. 46 of 2006 and the Ministry of Finance resolution No. 58/2007 effective from 10 December 2007.

2.20 National labour support tax ("NLST")

The Group calculates the NLST in accordance with Law No. 19 of 2000 and the Ministry of Finance Resolutions No. 24 of 2006 at 2.5% of taxable profit for the year.

2.21 Segment reporting

Operating segments are identified on the basis of internal reports that are regularly reviewed by the decision makers in order to allocate resources to the segments and to assess their performance. Such operating segments are classified as either business segments or geographical segments.

A business segment is a distinguishable component of the Group that is engaged in providing products or services, which is subject to risks and returns that are different from those of other segments.

A geographic segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment which is subject to risks and returns different from those of segments operating in other economic environments.

3. Subsidiaries

The principal subsidiaries of the Parent Company are:

Subsidiary	Country of incorporation	Direct ownership %		Indirect ownership %		Principal activity
		2025	2024	2025	2024	
Al-Arabia Educational Enterprises Company K.S.C. (Closed) and its subsidiaries	Kuwait	99.85	99.85	0.15	0.15	Establishment and operation of University & college
Track Learning Solutions Co. W.L.L.	Kuwait	99	1	1	99	Computer programming, advertisement publication and distribution and selling and purchasing of shares and bonds for company interest only
Humansoft Free Zone - L.L.C.	U.A.E.	100	100	-	-	Technology, e-commerce & media

The financial statements of the above subsidiaries are consolidated into the Group, using the aggregate of the direct and indirect ownership.

4. Cash and bank balances

	Kuwaiti Dinars	
	2025	**2024**
Cash on hand	19,403	18,192
Balances with banks	10,487,608	10,670,488
Term deposits with banks	56,500,000	63,597,767
Cash and bank balances	**67,007,011**	**74,286,447**
Less: Margin deposits with banks whose original maturity period exceeds three months from the date of acquisition, included above	(136,239)	(136,166)
Less: Restricted balance	(997,521)	(1,259,310)
Less: Term deposits with banks whose original maturity period exceeds three months from the date of acquisition, included above	(56,500,000)	(30,097,767)
Cash and cash equivalents in the consolidated statement of cash flows	**9,373,251**	**42,793,204**

Term deposits are denominated in Kuwaiti Dinars and are placed with local banks carrying an effective rate of interest of 4.19% (2024: 4.72%) per annum.

As at the consolidated statement of financial position date, the undrawn bank overdraft facilities amounted to KD 7,000,000 (2024: KD 7,000,000).

Balances with banks include margin deposits which are held against letters of guarantee facilities from local commercial banks.

Restricted balance represents cash with a bank restricted for dividend payments to the shareholders.

Balances with banks are held in current accounts with banks incorporated in Kuwait and other GCC countries. Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the Central Bank of the respective countries. Accordingly, the management of the Group estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 month ECL. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the banks, the management of the Group have assessed that the impairment amount is immaterial, and hence have not recorded any loss allowances on these balances.

The carrying amounts of the Group's cash and bank balances are denominated in the following currencies:

	Kuwaiti Dinars	
	2025	**2024**
Kuwaiti Dinars	66,801,609	74,068,181
US Dollars	149,758	154,884
Other currencies	55,644	63,382
	67,007,011	**74,286,447**

5. Trade and other receivables

	Kuwaiti Dinars	
	2025	**2024**
Trade receivables	23,243,210	28,659,150
Less: Provision for ECL	(1,173,181)	(5,774,387)
	22,070,029	**22,884,763**
Advance to suppliers	289,246	228,714
Staff receivables	158,562	126,003
Refundable deposits	74,294	53,474
Accrued interest income	853,888	769,052
Prepaid expenses and other receivables	1,096,606	967,751
	24,542,625	**25,029,757**

	31 December 2025			**31 December 2024**		
Ageing buckets	**Estimated total gross carrying amount at default**	**Expected credit loss rate**	**Lifetime ECL**	**Estimated total gross carrying amount at default**	**Expected credit loss rate**	**Lifetime ECL**
	KD	**%**	**KD**	**KD**	**%**	**KD**
Current	20,407,264	-	-	21,479,090	-	-
< 30 days	-	-	-	-	-	-
31 – 60 days	-	-	-	-	-	-
61 – 90 days	-	-	-	-	-	-
> 90 days	2,835,946	41.37	1,173,181	7,180,060	80.42	5,774,387
	23,243,210		**1,173,181**	**28,659,150**		**5,774,387**

Trade receivables which are current represents the amount receivable from a government related entity in Kuwait. The Group does not hold any collateral over these balances. ECL on receivables from government related entities in Kuwait are provided by the Group if these are due for more than 365 days. Kuwait sovereign rating is AA- and there is no history of default.

No interest is charged on the trade receivables which are overdue.

The Group always measures the loss allowance for impairment for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

For risk profiling purpose, the Group has segregated its trade receivables portfolio into three subgroups namely 'receivables from Government related entities', 'receivables from corporates' and 'receivables from individuals'.

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The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS Accounting Standard 9:

	Kuwaiti Dinars			
	2025			
	Receivables from Government related entities	**Receivables from corporates**	**Receivables from individuals**	**Total**
Balance at beginning of the year	4,757,386	31,340	985,661	5,774,387
Net ECL charge	2,399,489	5,335	169,871	2,574,695
Write off	(7,156,875)	(19,026)	-	(7,175,901)
Balance at the end of the year	**-**	**17,649**	**1,155,532**	**1,173,181**

	Kuwaiti Dinars			
	2024			
	Receivables from Government related entities	**Receivables from corporates**	**Receivables from individuals**	**Total**
Balance at beginning of the year	2,281,152	6,264	968,851	3,256,267
Net ECL charge	2,476,234	25,000	16,810	2,518,044
FCTA	-	76	-	76
Balance at the end of the year	**4,757,386**	**31,340**	**985,661**	**5,774,387**

Trade receivable balance due from government related entities amounting to KD 7,156,875 were written off against the corresponding specific ECL provision.

The other classes within trade and other receivables are neither past due nor impaired and ECL on these balances are not material.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	Kuwaiti Dinars	
	2025	**2024**
Kuwaiti Dinars	24,518,241	25,008,093
US Dollars	21,172	17,740
Other currencies	3,212	3,924
	24,542,625	**25,029,757**

6. Related party transactions

Related parties comprise major shareholders and executive officers of the Group, their families and companies of which they are the principal owners. The Group enters into transactions with related parties on pricing policies and terms approved by the Group's management.

The related party transactions and balances included in these consolidated financial statements are as follows:

	Kuwaiti Dinars	
	2025	**2024**
Compensation of key management personnel		
Short-term benefits	426,010	394,876
Post-employment benefits	23,350	23,730
	449,360	**418,606**

7. Right-of-use assets

Group as a Lessee

Right-of-use assets represents the lease contract for total of 261,190 Sq. meter of land leased by American University of the Middle East and American College of the Middle East from Kuwait government. Buildings and leasehold land improvements (note 8) are constructed on this land.

	Kuwaiti Dinars	
	2025	**2024**
Balance at the beginning of the year	475,683	590,505
Amortisation expense	(114,822)	(114,822)
Balance at the end of the year	**360,861**	**475,683**

8. Property and Equipment

	Kuwaiti Dinars							
	Freehold land	Buildings and leasehold land improvements	Computers and peripherals	Furniture, fixtures and decoration	Equipment	Library Books	Capital work in progress ("CWIP")	Total
Cost								
Balance as at 31 December 2023	**5,297,030**	**56,742,329**	**1,906,670**	**2,366,491**	**4,657,406**	**89,289**	**573,813**	**71,633,028**
Additions	-	73,273	70,390	314,003	397,319	-	168,804	1,023,789
Transfers from CWIP	-	65,862	-	440,439	1,504	-	(507,805)	-
Write off	-	-	(14,611)	(15,500)	(4,849)	-	-	(34,960)
Disposals	-	-	-	(94,701)	(35,585)	-	-	(130,286)
Exchange adjustments	-	-	2	4	-	-	-	6
Balance as at 31 December 2024	**5,297,030**	**56,881,464**	**1,962,451**	**3,010,736**	**5,015,795**	**89,289**	**234,812**	**72,491,577**
Additions	-	128,653	126,610	139,200	196,003	-	169,126	759,592
Transfers from CWIP	-	-	-	321	-	-	(321)	-
Disposals	-	-	-	(16,583)	(1,631)	-	-	(18,214)
Exchange adjustments	-	(1)	22	3	(1)	-	2	25
Balance as at 31 December 2025	**5,297,030**	**57,010,116**	**2,089,083**	**3,133,677**	**5,210,166**	**89,289**	**403,619**	**73,232,980**
Accumulated depreciation and impairment losses								
Balance as at 31 December 2023	-	**24,209,274**	**1,695,246**	**2,071,292**	**4,016,216**	**89,173**	-	**32,081,201**
Charge for the year	-	2,731,315	115,867	265,858	299,645	-	-	3,412,685
Write off	-	-	(14,599)	(15,500)	(4,848)	-	-	(34,947)
Disposals	-	-	-	(92,072)	(35,563)	-	-	(127,635)
Exchange adjustments	-	-	2	4	-	-	-	6
Balance as at 31 December 2024	-	**26,940,589**	**1,796,516**	**2,229,582**	**4,275,450**	**89,173**	-	**35,331,310**
Charge for the year	-	2,738,677	118,669	380,543	321,217	-	-	3,559,106
Disposals	-	-	-	(16,558)	(1,629)	-	-	(18,187)
Exchange adjustments	-	-	31	(8)	1	1	-	25
Balance as at 31 December 2025	-	**29,679,266**	**1,915,216**	**2,593,559**	**4,595,039**	**89,174**	-	**38,872,254**
Carrying amount								
As at 31 December 2025	**5,297,030**	**27,330,850**	**173,867**	**540,118**	**615,127**	**115**	**403,619**	**34,360,726**
As at 31 December 2024	**5,297,030**	**29,940,875**	**165,935**	**781,154**	**740,345**	**116**	**234,812**	**37,160,267**

9. Intangible assets

	Kuwaiti Dinars					
	University & college licenses	**Computer diploma programs, software, systems and curricular**	**Franchise**	**Trade mark, key money, and brand**	**Capital work in progress ("CWIP")**	**Total**
Cost						
Balance as at 31 December 2023	**6,752,000**	**1,322,032**	**91,000**	**131,153**	**18,364**	**8,314,549**
Additions	-	-	-	-	45,863	45,863
Transfers from CWIP	-	-	-	1,560	(1,560)	-
Write off	-	(249,628)	-	(41,001)	(815)	(291,444)
Balance as at 31 December 2024	**6,752,000**	**1,072,404**	**91,000**	**91,712**	**61,852**	**8,068,968**
Additions	-	37,243	-	10,125	8,762	56,130
Transfers from CWIP	-	38,641	-	1,760	(40,401)	-
Exchange adjustments	-	3	-	(4)	-	(1)
Balance as at 31 December 2025	**6,752,000**	**1,148,291**	**91,000**	**103,593**	**30,213**	**8,125,097**
Accumulated amortisation and impairment losses						
Balance as at 31 December 2023	-	**1,252,369**	**91,000**	**102,146**	**-**	**1,445,515**
Charge for the year	-	33,943	-	5,986	-	39,929
Write off	-	(245,502)	-	(41,000)	-	(286,502)
Balance as at 31 December 2024	-	**1,040,810**	**91,000**	**67,132**	**-**	**1,198,942**
Charge for the year	-	32,378	-	6,388	-	38,766
Balance as at 31 December 2025	-	**1,073,188**	**91,000**	**73,520**	**-**	**1,237,708**
Carrying amount						
As at 31 December 2025	**6,752,000**	**75,103**	**-**	**30,073**	**30,213**	**6,887,389**
As at 31 December 2024	**6,752,000**	**31,594**	**-**	**24,580**	**61,852**	**6,870,026**

The Group tests for impairment of its intangible assets with indefinite life annually or more frequently if there are indications that they might be impaired.

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University & college licenses

University & college licenses represent intangible assets with indefinite useful lives. These represent the value of the various university and college licenses of Al Arabia Educational Enterprises Company K.S.C. (Closed)(a subsidiary of the Parent Company). Management has determined that these licenses have an indefinite useful life as they have no specified expiry period and the university and college is expected to continue its operations for the foreseeable future.

The recoverable amounts of these licenses are determined based on the value in use method. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to revenues and direct costs during the period. Management estimates discount rates using rates that reflect current market assessments of the time value of money and the risks specific to the cash generating units. The growth rates are based on university and college growth forecasts. Changes in revenues and direct costs are based on projections of future changes in the operations of the entity.

The Group has performed a sensitivity analysis by varying the above input factors by a reasonably possible margin and assessing whether the change in input factors results in the university & college licenses being impaired. These calculations use pre-tax cash flow projections based on financial projections covering a five year period. The recoverable amount so obtained was significantly above the carrying amount of the CGUs.

The key assumptions used in the estimation of value in use were as follows:

	2025	2024
Discount Rate	10.06%	11.49%
Growth Rate	2.5%	2.5%

10. Accrued expenses and other liabilities.

	Kuwaiti Dinars	
	2025	**2024**
Staff payables	1,058,096	1,047,681
Accrued expenses	2,428,997	1,788,889
KFAS payable	377,943	430,012
Zakat payable	348,494	468,889
NLST payable	861,311	1,155,520
Advance from customers / students	86,677	74,002
Dividend payable	992,083	1,253,877
Others	157,198	102,239
	6,310,799	**6,321,109**

The carrying amounts of the accrued expenses and other liabilities are denominated in the following currencies:

	Kuwaiti Dinars	
	2025	**2024**
Kuwaiti Dinars	6,309,407	6,307,451
Other currencies	1,392	13,658
	6,310,799	**6,321,109**

11. Lease liabilities

	Kuwaiti Dinars	
	2025	**2024**
Balance at the beginning of the year	559,156	675,313
Accretion of interest	33,549	40,519
Payments	(156,676)	(156,676)
Balance at the end of the year	**436,029**	**559,156**
Current	130,514	123,127
Non-current	305,515	436,029
	436,029	**559,156**

12. Deferred income

This represents unamortized revenue for which the service is yet to be rendered.

13. Provision for staff indemnity

	Kuwaiti Dinars	
	2025	**2024**
Balance at the beginning of year	7,336,848	6,518,175
Provided during the year	1,598,603	1,205,603
Benefits paid during the year	(495,458)	(386,999)
Exchange adjustments	-	69
	8,439,993	**7,336,848**

14. Share capital

The Parent Company's authorized, issued, and paid-up share capital is KD 13,476,607 (2024: 13,476,607) comprises of 134,766,072 authorised and issued shares of 100 fils (2024: 134,766,072 shares of 100 fils) each fully paid in cash.

The shareholders' annual general meeting (AGM) held on 14 April 2025 approved the audited consolidated financial statements of the Group for the year ended 31 December 2024 and approved the following:

- Dividend of 350 fils per share (2023: 350 fils and bonus shares of 5% of issued and paid-up capital) for the year ended 31 December 2024
- Directors' remuneration of KD 250,000 for the year ended 31 December 2024 (2023: KD 250,000).

15. Statutory reserve

As required by the Companies Law No. 1 of 2016 and its executive regulations, as amended, and the Parent Company's Articles of Association, as amended, 10% of the profit before KFAS, NLST, Zakat and Directors' remuneration is to be transferred to statutory reserve, until it exceeds 50% of the issued capital. This reserve can be utilized only for distribution of a maximum dividend of 5% of the paid up capital in years when retained earnings are inadequate for this purpose. On 24 March 2024, the Parent Company has discontinued further transfers to statutory reserve as it has exceeded 50% of the issued capital.

16. Voluntary reserve

In accordance with the Parent Company's Articles of Association, as amended, 10% of the profit before KFAS, NLST, Zakat and Directors' remuneration is required to be transferred to voluntary reserve unless the shareholders decide to discontinue the transfer. There are no restrictions on distributions from the voluntary reserve. On 24 March 2024 the Parent Company has discontinued further transfers to voluntary reserve.

17. Treasury shares and treasury shares reserve

	2025	2024
Number of shares held	642,741	642,741
As a percentage of issued shares	0.48%	0.48%
Market value (KD)	1,687,838	1,748,256

An amount equivalent to the cost of purchase of the treasury shares have been earmarked as non-distributable from statutory reserve, share premium, treasury shares reserve and retained earnings throughout the holding period of treasury shares. The balance in the treasury share reserve account is not available for distribution.

18. Cost of operations

Cost of operations represent staff salaries and related costs.

19. General and administrative expenses

	Kuwaiti Dinars	
	2025	**2024**
Staff salaries and related costs	6,056,734	5,318,414
Facilities costs	3,295,599	3,211,386
Net expected credit loss	2,574,695	2,518,044
Depreciation and amortisation	3,712,694	3,567,436
Student activities costs	1,392,649	1,302,029
Other administration expenses	4,262,557	4,148,364
	21,294,928	**20,065,673**

20. Selling expenses

	Kuwaiti Dinars	
	2025	**2024**
Advertisement expense and sales promotion	3,044,672	2,559,310
Other selling expenses	115,898	86,364
	3,160,570	**2,645,674**

21. Basic and diluted earnings per share

Basic and diluted earnings per share are computed by dividing the profit for the year attributable to shareholders of the Parent Company by the weighted average number of shares outstanding during the year net of treasury shares:

	Kuwaiti Dinars	
	2025	**2024**
Profit for the year	35,524,379	39,991,361
	Shares	
Number of shares outstanding:		
Weighted average number of paid up shares	134,766,072	134,766,072
Less: Weighted average number of treasury shares outstanding	(642,741)	(642,741)
Weighted average number of outstanding shares	134,123,331	134,123,331
Basic and diluted earnings per share (fils)	**265**	**298**

22. Segment information

Primary segment information – business segments:

All of the segment revenue reported below is from external customers. For the purpose of segment reporting, the Parent Company's management has grouped its activities into the following business segments:

a) Higher Education
b) Others

Segment results include revenues and expenses directly attributable to a segment. There are no significant inter-segment transactions.

Segment information by business segments is as follows:

	Kuwaiti Dinars		
	Higher education	**Others**	**Total**
2025			
Segment revenues- point over time	77,573,742	-	77,573,742
Segment expenses	(38,409,821)	(2,052,647)	(40,462,468)
Depreciation and amortisation	(3,704,348)	(8,346)	(3,712,694)
Finance charges	(33,549)	(71)	(33,620)
Other income	1,646,760	512,659	2,159,419
Profit/(loss) for the year	**37,072,784**	**(1,548,405)**	**35,524,379**
Assets			
Segment total assets	113,483,324	19,675,288	133,158,612
Liabilities			
Segment total liabilities	20,234,430	2,206,814	22,441,244

	Kuwaiti Dinars		
	Higher education	**Others**	**Total**
2024			
Segment revenues - point over time	79,160,708	-	79,160,708
Segment expenses	(35,689,194)	(2,519,910)	(38,209,104)
Depreciation and amortisation	(3,560,528)	(6,908)	(3,567,436)
Write of off Property and equipment and Intangible assets	-	(4,955)	(4,955)
Finance charges	(40,733)	(167)	(40,900)
Other income	2,281,653	371,395	2,653,048
Profit/(loss) for the year	**42,151,906**	**(2,160,545)**	**39,991,361**
Assets			
Segment total assets	127,573,875	16,248,305	143,822,180
Liabilities			
Segment total liabilities	18,927,532	2,757,222	21,684,754

Segment revenue above represents income generated from external customers. There was no inter-segment income during the year (2024: nil).

Segment profit represents the profit earned by each segment. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Information about major customers

Revenue includes an amount of KD 70,364,065 (2024: KD 72,871,714) from a government institution in Kuwait.

23. Commitments and contingent liabilities

	Kuwaiti Dinars	
	2025	**2024**
Commitments		
Capital commitments for construction	142,843	311,647
Contingent liabilities		
Letters of guarantee	4,421,739	4,154,067

24. Financial risk management

The Group's financial assets have been classified as "amortised cost" and fair value through other comprehensive Income "FVOCI" and the financial liabilities have been classified as "other than at fair value through profit or loss".

Financial risk factors

The Group's use of financial instruments exposes it to a variety of financial risks such as market risk, credit risk and liquidity risk. The Group continuously reviews its risk exposures and takes measures to limit it to acceptable levels. The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework and developing and monitoring the risk management policies. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Group's activities.

The Parent Company's Board of Directors oversees how management monitors compliance with the risk management policies and procedures and reviews adequacy of the risk management framework in relation to the risks faced by the Group. The significant risks that the Group is exposed to are discussed below:

a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price. Market risk comprises of three types of risks: currency risk, interest rate risk and equity price risk.

(i) Currency risk

Currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is exposed to foreign exchange risk as a result of foreign exchange gains / losses on translation of foreign currency denominated assets and liabilities such as trade receivables and payables.

The Group's exposure to currency risk is minimal as the Group's financial instruments denominated in foreign currencies are not material.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises from short-term bank deposits and bank borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

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The Group manages interest rate risk by monitoring interest rate movements and by borrowing at market linked interest rates.

As at 31 December 2025 (2024: Nil), the Group was not exposed to interest rate risk as it did not have any borrowings or interest bearing assets which are fair valued or with market fluctuating interest rate.

(iii) *Equity price risk*

Equity price risk is the risk that the fair values of equities will fluctuate as a result of changes in the level of equity indices or the value of individual share prices. Equity price risk arises from the change in fair values of equity investments. The Group manages the risk through diversification of investments.

The Group is not exposed to equity price risk as it does not have any investment marked to market.

b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a financial loss. Financial assets, which potentially subject the Group to credit risk, consist principally of bank balances and trade and other receivables. The Group manages this risk by placing its bank balances with high credit rated institutions. The Group considers the credit quality of amounts that are neither past due nor impaired to be good.

As at 31 December 2025, 88% (2024: 92%) of the total trade receivables is due from a Government related entity.

Maximum exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the consolidated statement of financial position date was:

	Kuwaiti Dinars	
	2025	**2024**
Balances with banks	10,487,608	10,670,488
Deposits with banks	56,500,000	63,597,767
Trade and other receivables (excluding prepaid expenses and advance to suppliers)	23,156,773	23,833,292
	90,144,381	**98,101,547**

For more information refer to Notes 4 and 5. None of the other financial assets are past due or impaired.

c) Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its funding requirements. The Group manages this risk by maintaining sufficient cash and bank balances and availability of funding from committed credit facilities and borrowings. The Parent Company's Board of Directors increases capital or borrowings based on ongoing review of funding requirements.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Kuwaiti Dinars				
	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
At 31 December 2025					
Financial liabilities					
Trade and other payables	500,726	-	-	-	500,726
Accrued expenses and other liabilities (excluding Advance from customers / students)	6,224,122	-	-	-	6,224,122
Retentions payable	155,785	-	-	-	155,785
Lease liabilities	156,676	111,997	231,155	-	499,828
	7,037,309	**111,997**	**231,155**	**-**	**7,380,461**
Contingent liabilities					
Letters of guarantee	**876,670**	**3,543,030**	**1,000**	**1,039**	**4,421,739**

	Kuwaiti Dinars				
	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
At 31 December 2024					
Financial liabilities					
Trade and other payables	307,463	-	-	-	307,463
Accrued expenses and other liabilities (excluding Advance from customers / students)	6,247,107	-	-	-	6,247,107
Retentions payable	127,925	-	-	-	127,925
Lease liabilities	156,676	156,676	293,149	50,003	656,504
	6,839,171	**156,676**	**293,149**	**50,003**	**7,338,999**
Contingent liabilities					
Letters of guarantee	**848,716**	**3,305,351**	**-**	**-**	**4,154,067**

Fair value of financial instruments

The carrying amounts of financial assets and financial liabilities that are liquid or having a short term maturity approximate their fair value.

25. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide return on investment to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy in the current year remains unchanged from previous year.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash equivalents. Total capital is calculated as equity (as shown in the consolidated statement of financial position) plus net debt.

As at 31 December 2025, the Group is not geared (2024: not geared).

26. Dividend distribution

Proposed dividend

The Board of Directors, subject to the approval of shareholders, have recommended distribution of cash dividend of 275 fils per share (2024: 350 fils per share) for the year ended 31 December 2025. The cash dividend shall be payable to the shareholders after obtaining the necessary regulatory approvals.

27. Critical accounting judgements and key sources of estimation uncertainty

While applying the accounting policies as stated in note 2, management of the Group has made certain judgments, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period of the revision in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the management of the Group have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in consolidated financial statements.

Significant increase in credit risk

As explained in note 2, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

Contingent liabilities

Contingent liabilities are potential liabilities that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Provisions for liabilities are recorded when a loss is considered probable and can be reasonably estimated. The determination of whether or not a provision should be recorded for any potential liabilities is based on management's judgment.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Calculation of loss allowance

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Impairment of tangible and intangible assets and useful lives

The Group's management tests annually whether tangible and intangible assets have suffered impairment in accordance with accounting policies stated in note 2. The recoverable amount of an asset is determined based on value-in-use method. This method uses estimated cash flow projections over the estimated useful life of the asset discounted using market rates.

The Group's management determines the useful lives and related depreciation and amortisation charge. The depreciation and amortisation charge for the year will change significantly if actual life is different from the estimated useful life of the asset.