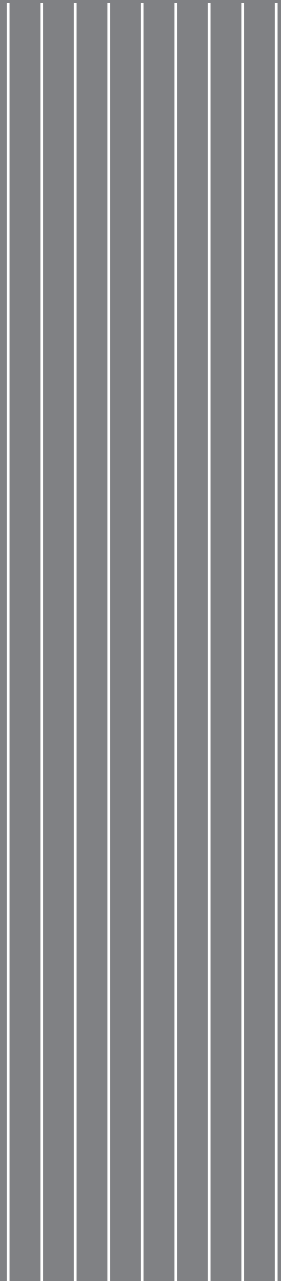


HUMANSOFT

Empowering People Through Knowledge

ANNUAL REPORT

YEAR 2024





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.

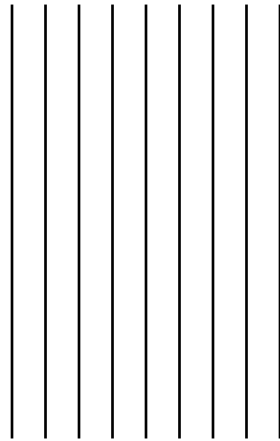
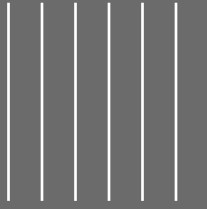
In the early 2000s, we began our dream-project to nurture a home-grown university in Kuwait that would cater for our youth's academic needs. We set out to build a higher education institution that would meet the local regulatory requirements. Thus, the American University of the Middle East (AUM) and 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.

ABOUT HUMANSOFT

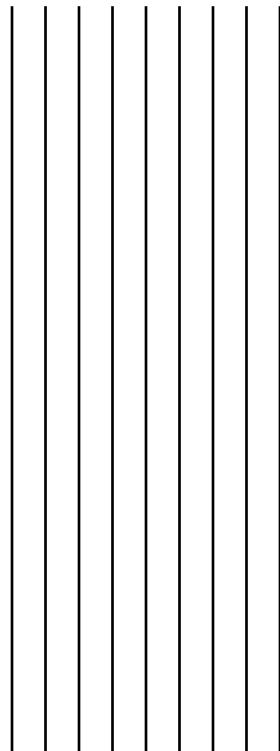


VISION

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 GLANCE

13,100+

Enrolled students

Over 60%

Female Students

21,900+

Alumni

261,190

Square meter
campus

1200+

Trees planted on campus

28

Offered programs

90+

Engineering Labs

Over 150

Achievements in Academic
& Sports competitions in
the last 5 years

Over 150

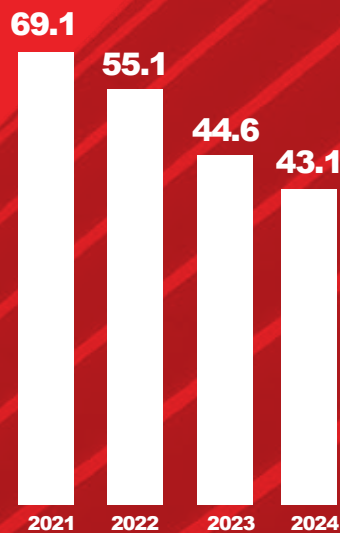
Community Engagement
Initiatives since 2020

Over 65

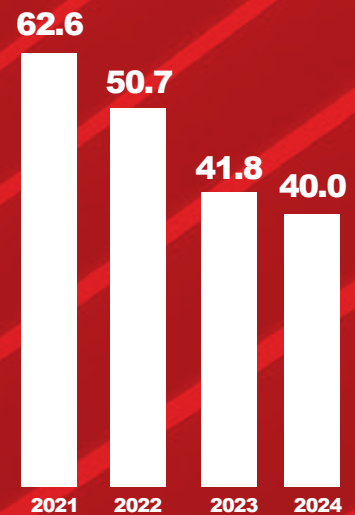
Represented nationalities



Revenue (KD mn)



EBITDA (KD mn)



Net Profit (KD mn)

About Humansoft
At Glance

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STRATEGY

CHAIRMAN'S STATEMENT

Tareq Fahad ALOthman

Chairman of the Board of Directors

Dear Shareholders,

It is my pleasure, on behalf of myself and my fellow members of the Board of Directors, to present to you the Annual Report of Humansoft Holding Company for the fiscal year ending December 31, 2024.

Throughout this year, our company has continued to strengthen its position in the higher education sector, guided by an ambitious strategic vision that keeps pace with rapid technological and educational transformations. We are proud of the achievements made in 2024 and reaffirm our commitment to enhancing operational efficiency, supporting digital infrastructure, thus increasing the company's value and serving the interests of our shareholders and partners in success.

A Leading Role in Economy and Education

The company continues to strengthen its role as a leading educational and economic institution by advancing academic curricula, embedding sustainability principles, and building knowledge driven research partnerships with globally renowned academic institutions contributing to economic development by ensuring its graduates are well prepared to thrive in a rapidly evolving future.

Financial Performance

The year 2024 witnessed sustained financial performance, reflecting the company's resilience and ability to adapt to potential challenges while efficiently capitalizing on opportunities. The company continued to enhance its operational efficiency, achieving sustainable profit through a flexible approach focused on quality and innovation, while maintaining cost control and maximizing returns for shareholders.

Commitment to Strengthening the Principles of Good Governance

Humansoft believes that transparency and proper application of corporate governance form the solid foundation for sustainable success and for balancing the interests of all stakeholders. Guided by this belief, the

company continued in 2024 to strengthen its governance framework by reviewing its internal policies in alignment with global best practices.

Humansoft also remains committed to adopting Environmental, Social, and Governance (ESG) standards, recognizing the importance of integrating sustainability principles into its operational and governance systems to ensure long term growth.

Implementing our Strategy

A. Academic Excellence

In 2024, the American University of the Middle East (AUM) continued to reinforce its standing as a leading academic institution by focusing on educational quality, research excellence, and expanding global partnerships. As part of its ongoing efforts to elevate academic standards, AUM received institutional accreditation from the Quality Assurance Agency (QAA) in the United Kingdom one of the most prestigious international bodies in education quality assurance. This recognition reflects the university's commitment to global standards and enhances its competitiveness regionally and internationally.

The university also continued to emphasize innovation and the integration of technology especially in the fields of artificial intelligence—through strategic partnerships with renowned institutions such as the University of California, Berkeley. These partnerships included research programs and educational initiatives that support academic development and elevate the quality of education. Additionally, AUM expanded its collaboration with other global institutions such as Babson College and HEC Montreal.

B. Operational Efficiency

The company continued to strengthen its technological and administrative infrastructure to enhance flexibility and operational efficiency. This included research and innovation within its subsidiaries resulting in smarter, more integrated processes. These efforts also involved upgrading facilities and services to the highest international quality standards, reflecting the company's

Chairman's Statement

commitment to providing an advanced and stimulating educational environment.

Simultaneously, Humansoft continued to invest in human capital to ensure institutional excellence to strengthen the company's readiness for future requirements.

C. Value to Shareholders

The Board of Directors recommends distributing a cash dividend of 350 fils per share, which reflects its strong financial position. This recommendation is subject to shareholder's approval at the Annual General Meeting and the necessary regulatory approvals.

Future Strategy

Humansoft has achieved its annual goals with outstanding financial results and will continue its path of accomplishments by implementing the roadmap it has outlined to realize its strategic vision. In the coming years, the company will remain focused on sustaining these goals by enhancing revenue and profitability growth. This will be accomplished by supporting and developing its educational institutions, particularly through its two major projects: the American University of the Middle East and the American College of the Middle East.

The company is also committed to improving the quality of education and continuously adapting to the rapid changes driven by the technological revolution and artificial intelligence.

In addition, the company is working towards the completion and launch of the College of Health Sciences, including obtaining final approvals and completing official procedures from the relevant government authorities. Efforts are also underway to explore the possibility of introducing new disciplines within the College of Engineering that align with labor market demands.

As part of its developmental strategy, Humansoft aims to continue seeking investment opportunities in modern technologies related to education and training, as well as investing in the education and technology sector to diversify income sources and create new investment channels.

Sustainability and Social Responsibility

Humansoft is committed to sustainability and social responsibility as integral pillars of its vision and business approach. These values are reflected in the company's ongoing community initiatives and active partnerships with institutions that share its dedication to serving and developing society. Through its educational institutions, the company strives to create a positive impact by supporting education, fostering skill development, and participating in environmental and volunteer initiatives thereby strengthening its social role and contributes to the broader public interest.

As a leading provider in the education, Humansoft places strong emphasis on cultivating a positive work environment rooted in appreciation, respect, and equal opportunity. It also ensures the availability of resources that enable individuals to enhance their skills and stay prepared for future demands.

Acknowledgment and Appreciation

The Board of Directors extends its sincere thanks and appreciation to all those who contributed to the company's achievements during the year our shareholders, students, partners, clients, and employees in their various positions, as well as the regulatory bodies and banks we deal with for their continued support and trust, which have played a key role in supporting the company's ongoing pursuit of success and long term sustainability.

We look forward to 2025 with optimism and confidence, building on our achievements. We believe in our ability to keep moving forward, achieving more success and innovation in both education and business. This will strengthen the company's position and support its role in building a sustainable future.



YEAR
IN-REVIEW

Year in-Review

Q1 2024

01

AUM organized its First International Summit on Artificial Intelligence entitled “AI Impact on Business and Jobs in Education, Healthcare & Banking” held in cooperation with the Entrepreneurship Center of the University of California – Berkeley.

02

Over a period of one week, AUM and ACM communities gathered to celebrate the success of their 2023 graduates, at the AUM Cultural Center.

03

AUM Startup Challenge 2024 was held, it was 4th Edition of Innovative Projects for Sustainability.

04

Humansoft participated in the 18th edition of the EFG Hermes One-on-One Conference, dedicated to frontier and emerging markets (FEM) that took place from the 4th to 7th of March 2024 at Dubai.

05

The ordinary general assembly meeting was held on March 24, 2024 and approved the distribution of cash dividends of 350 fils per share for the financial year 2023.

06

Extraordinary General Assembly Meeting was held on March 31, 2024 and approved the distribution of 5% bonus shares.

Q2 2024

01

For the fourth year in row, AUM has been ranked the first university in Kuwait by QS World University Rankings 2025. It also places AUM #611-620 globally, advancing from the previous position of #671-680, and reaching top 40% of the performing institutions.

02

AUM has been ranked #1 University in Kuwait, in Top 10 in the Arab region and advanced globally from #401-600 in year 2023 to #101-200 in year 2024 within THE Impact Overall Ranking.

03

AUM and ACM students have excelled in various competitions such as: Babson Global Student Challenge, International Invention Fair in the Middle East, VEX Robotics World Championship, Hult GCC Innovative Challenge, INJAZ Kuwait.

04

AUM organized its 10th Career Expo “Championing Better Career Lives”, powered by Tawteen Career Center. Students and alumni were connected to more than 50 participating local and international companies through booth exhibitions, on-spot interviews, workshops and seminars.

05

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

06

Humansoft participated in 12th Corporate Day of Bursa Kuwait in London, held in collaboration with Jefferies Financial Group.

07

Humansoft participated in GCC Exchanges London Conference organized by HSBC in June 2024.

Q3 2024

01

A warm and inclusive welcome to the start of the academic year 2024-2025 was extended to new students by conducting the holistic orientation programs to provide them with the necessary guidance on the various aspects of academic life, courses and campus life.

02

A Moonmoment to Remember in Kuwait” was organized by Chinese Cultural Center in collaboration with AUM.

03

Humansoft participated in EFG Hermes 10th Annual London conference titled “A New Era of Opportunities” held in London in September 2024.

Year in-Review



Q4 2024

01

AUM ranked #1 in Kuwait and among the Top 500 worldwide in Times Higher Education (THE) World University Rankings 2025.

02

AUM sustains its rank as #1 in Kuwait and advances from #25 to #23 in the Arab region as per QS Arab Region Rankings 2025.

03

AUM continues to be ranked as the most Sustainable and Green University in Kuwait, in UI Green Metric World University rankings and advancing to #204 worldwide and sustaining its rank as Top 4 in the Gulf Region.

04

AUM hosted the inaugural Kuwait Robotex Competition for high school students to support the development of STEM education in Kuwait, inspiring the next generation of engineers and technologists.

05

Over a period of one week, AUM and ACM communities gathered to celebrate the success of their 2024 graduates, at the AUM Cultural Center.

06

'Gulf Petrochemical and Chemicals Association Leaders of Tomorrow Academy' program was held at AUM.

07

AUM hosted the AACSB Assurance of Learning (AoL) Seminars that refine continuous improvement and assessment practices in business education.

08

AUM students participated at GPCA Youth Forum in Oman: "Youth Powering Tomorrow: Shaping a Sustainable Future".

09

An event highlighting the importance of investment awareness in cooperation with Capital Markets Authority.

10

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 and renewed in 2024.

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 accreditations and the ranking that we are proud:

AUM



Engineering
Accreditation
Commission



ACM



Engineering
Technology
Accreditation
Commission



CEO'S Message

Georges Yahchouchi, PhD

Chief Executive Officer – HumanSoft

President – American University of the Middle East (AUM)

Sustainable Growth: Setting Benchmarks, Elevating Impact

As we close the year 2024, Humansoft Holding reflects on a period marked by resilience, progress, and sustainable growth. Our commitment to advancing knowledge and fostering innovation is unwavering, as evidenced by the remarkable achievements of our key institutions, AUM and ACM, and their dedication to providing world-class education.

With a focus on international recognition, strategic partnerships, sustainability, and innovation along with the outstanding achievements of our students at both local and international levels, we continue to shape the future of higher education and contribute meaningfully to the development of Kuwait and the region.

World Class Accreditations and Recognitions

AUM and ACM's contributions have enhanced Humansoft Holding's regional and global reputation. AUM has once again maintained its status as the top university in Kuwait, recognized by prestigious global rankings like Quacquarelli Symonds (QS) and Times Higher Education (THE). In subject rankings, AUM was placed 255th globally, 6th in the Arab world, and 4th in the GCC in Social Sciences and Management. It was also ranked 320th globally, 15th in the Arab world, and 9th in the GCC in Engineering and Technology. AUM's College of Business Administration continues to hold the distinction of being the sole business school in Kuwait to earn 3 Palmes of Excellence from Eduniversal Business Schools Rankings. AUM has been awarded 5+ Stars overall in QS Stars Rating System by the Intelligence Unit at Quacquarelli Symonds. The University is also awarded multiple 5 stars, which is the highest rating, in the following criteria: Teaching, Employability, Academic development, Global Engagement, Facilities, Social Impact, Inclusiveness, and Arts.

AUM's Institutional and Programmatic global accreditations from the Quality Assurance Agency for

Higher Education (QAA) in the UK, and AACSB International for its College of Business Administration, further underscore the institution's commitment to world-class academic standards. AACSB Accreditation represents the highest standard of achievement for business schools worldwide. Additionally, AUM's engineering programs are ABET accredited and ACM's Business Administration department is ACBSP accredited.

Integrating AI in Teaching and Learning, Research and Innovation

In line with our vision to contribute to the AI transformation agenda in Kuwait and the region, AUM has launched several initiatives integrating Artificial Intelligence into education and research in collaboration with our partner in the Silicon Valley. AUM celebrated the completion of its second cohort in the Artificial Intelligence and Entrepreneurship certification program, in partnership with the University of California, Berkeley. AUM continues to be a Hub for key events promoting the AI agenda in Kuwait including hosting International Summit on Artificial Intelligence in collaboration with the AMENA Center for Entrepreneurship and Development at UC Berkeley, under the theme "AI Impact on Businesses and Jobs in Higher Education, Healthcare, Engineering, Manufacturing, and Finance.

In addition, and through partnerships with prestigious institutions such as Babson College and HEC Montreal, AUM is a strategic active member of the Babson Collaborative for Entrepreneurship Education. The Collaborative seeks to increase capabilities and capacities for developing entrepreneurship education and startup. AUM students consistently showcase innovative ideas during the annual Startup Challenge, with many projects incorporating AI to develop advanced technologies that address real-world needs.

Moreover, our ongoing collaboration with HEC Montreal which began with the launch of AUM MBA dual degree program continues to thrive, reflecting our strong commitment to academic excellence and global partnerships.

Advancing scientific research is a strategic direction at Humansoft Holding. AUM's research productivity has grown significantly in 2024, with 83% of publications appearing in the top 50% of global journals, according to the Scopus/Scival database. The dedication of AUM's faculty has been further recognized with eight faculty members named among the world's top 2% scientists by Stanford. To further support faculty members in their research and innovation, and in line with AUM commitment to integrate AI and various technologies into academic and research initiatives, AUM has lately acquired Scopus-AI, a powerful Generative AI database solution from Elsevier.

Leading the Way in Sustainability and Global Impact

AUM and ACM are firmly committed to sustainability, with AUM being ranked the most sustainable university in Kuwait by UI GreenMetric World University Rankings 2023. It also secured the top spot in Kuwait for the Times Higher Education Impact Rankings 2024, reflecting its leadership in advancing the UN's Sustainable Development Goals (SDGs). With 5 Stars awarded by QS for social impact, AUM demonstrates a significant contribution to social good, measuring its commitment and engagement with the wider community.

As a result of AUM and ACM commitment to sustainability, AUM's Chairman of the Board of Trustees Mr. Fahad Allothman, has been named one of the top influential leaders in sustainability in the Middle East by the prestigious Forbes magazine, highlighting his impactful leadership in driving sustainability initiatives.

Commitment to Continuous Improvements

Looking ahead to 2025, Humansoft Holding remains committed to lead by example, advocating sustainable growth and development, while expanding toward new orientations and majors creating new offerings. AUM and ACM competitive advantages in human capital, efficiency, and positioning will continue to drive Humansoft toward further growth and success.



**Environmental,
Social, and
Governance
(ESG)**



Humansoft Holding Company is committed to solidifying its position as a key player in the economic and educational sectors. The company strives to enhance its operations by implementing effective management practices within its subsidiaries, promoting sustainability, fostering cultural diversity among employees, and empowering them professionally. Additionally, HumanSoft focuses on advancing the education sector to provide society with skilled professionals who possess strong cognitive and professional abilities, capable of achieving significant, long-term successes across various fields.

Recognizing the growing importance of governance in economic activities, Humansoft not only encourages its subsidiaries to adopt governance practices, but also actively implements these systems internally. This approach is fundamental to ensuring successful and lasting relationships with shareholders. The company is dedicated to adhering to governance standards that align with international norms, fostering a culture and work ethic that meets regulatory and supervisory expectations while addressing stakeholder needs.

Environment

Promoting a culture of sustainability is central to Humansoft's philosophy and that of its subsidiaries. Both the American University of the Middle East (AUM) and the American College of the Middle East (ACM) are launching several initiatives aimed at minimizing paper and plastic waste, organizing recycling activities, utilizing zero-emission vehicles, and preserving green spaces. AUM is a member of the "Principles for Responsible Management Education (PRME)" initiative and has been recognized as the most sustainable and environmentally friendly university in Kuwait according to the UI GreenMetric World University Rankings.

- AUM ranks #1 locally in THE Impact Rankings 2024 (#101-200 globally and top 10 in the Arab world) and UI GreenMetric World University Rankings 2024 (#204 globally, #14 in the Arab world and top 4 in the Gulf countries). The first ranking represents the global performance tables that assess universities against the United Nations' Sustainable Development Goals (SDGs)

and the latter ranks universities around the world based on their commitment and actions toward sustainability as per distinct categories: Setting and Infrastructure, Energy and Climate Change, Waste, Water, Transportation, and Education and Research.

- AUM research productivity demonstrates steady commitment to advancing SDGs, with research contributions showing an increasingly tighter alignment with the university's research themes & directions. During the four-year cycle 2021-2024, the most significant contribution was to SDG 7-Affordable and Clean Energy with a total of 308 publications.
- The university engages with the community through events such as the AUM Startup Challenge 2025, planting trees on World Sustainability Day.

Social

Humansoft prioritizes a healthy work environment to attract and retain talent. The company supports faculty and staff by promoting diversity and inclusion, backing research initiatives, and providing professional development opportunities. It also organizes various social and educational activities to enhance the well-being of all employees. Notably, the workforce comprises over 800 employees from more than 65 countries, with female students making up 60%.

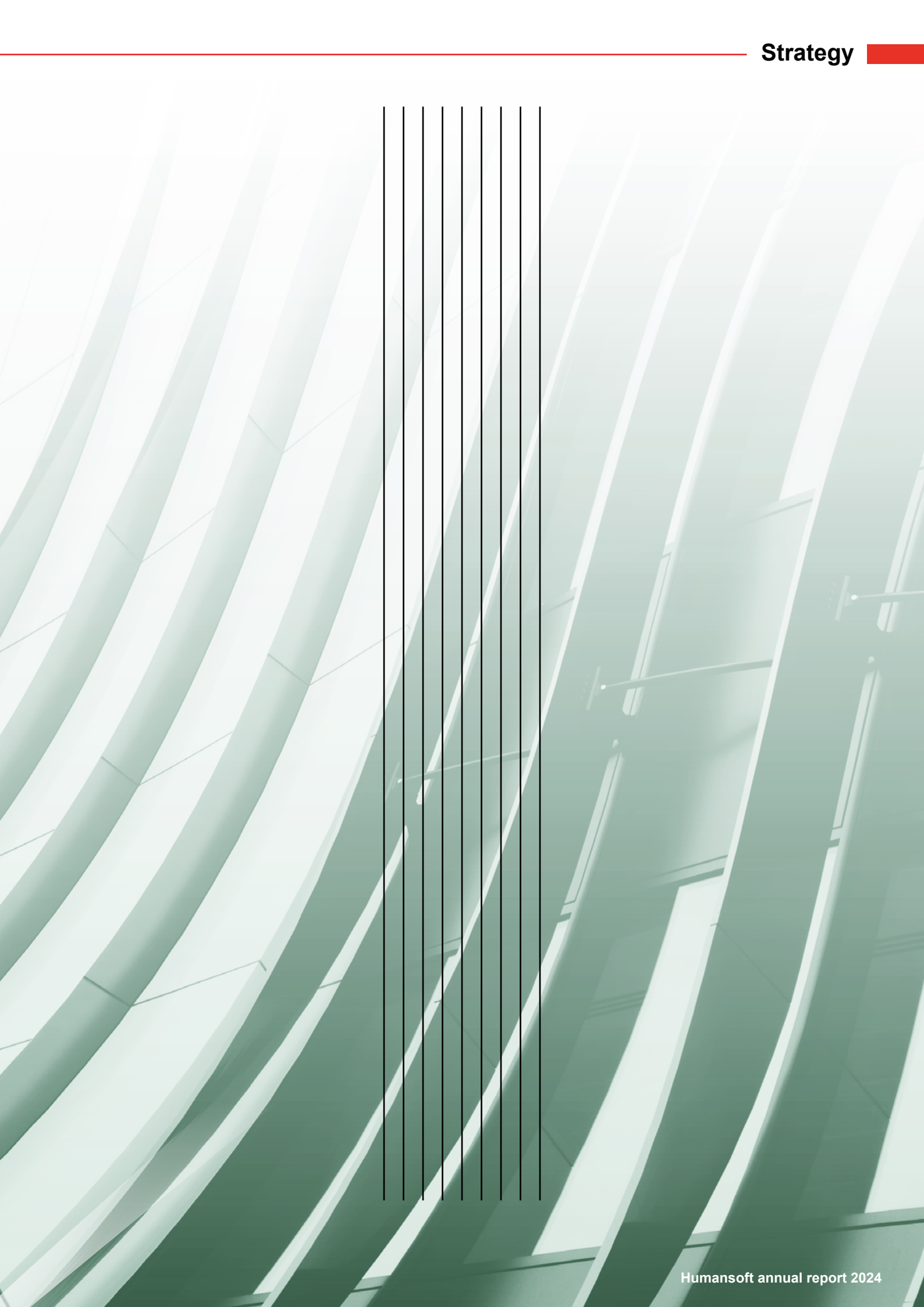
Believing that human resources are crucial to its success, Humansoft invests in the continuous development of its staff through ongoing training programs that enhance their skills in various areas; not just work-related, but also in health and other essential topics.

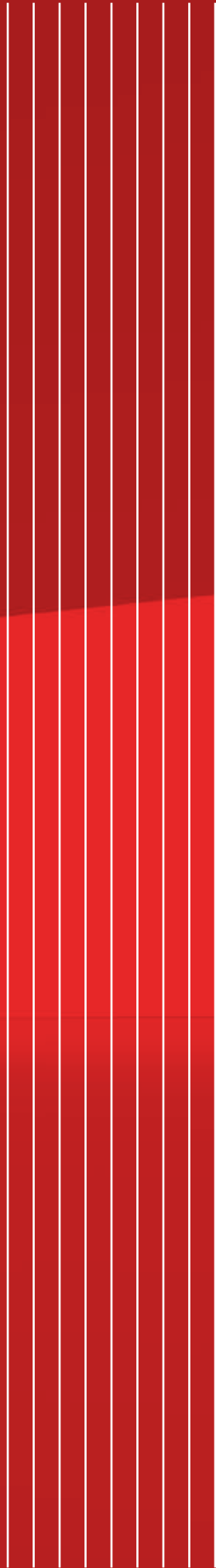
The company provides a comprehensive work environment with facilities such as designated paths for walking or cycling, roads specifically designed to facilitate the movement of people with special needs, and their own means of transportation. Humansoft ensures that its initiatives align with three key United Nations Sustainable Development Goals (SDGs): good health and well-being (Goal 3), gender equality (Goal 5), and reducing inequality (Goal 10).

Best Practice Corporate Governance

Humansoft asserts that the proper implementation of governance principles is vital for maintaining the trust of its partners. The company aims to strengthen and refine governance practices in a manner that aligns with regulatory requirements and meets stakeholder expectations. The Board of Directors and Executive Management are fully committed to the regulations set by the Capital Markets Authority, in addition to the governance framework for these standards. The objectives of corporate governance at Humansoft include:

- Ensuring the effective performance of the Board of Directors and management.
- Upholding the company's integrity.
- Supporting strong and sustainable leadership.
- Promoting long-term development and profitability





Governance

With the development of governance standards, Humansoft is committed to following and adopting these standards and continuously complying with them through high standards of transparency and integrity, and proper regulation of the relationships between the board of directors and the executive management with stakeholders and compliance with the laws and regulatory guidelines by the Capital Markets Authority. The company's aim is to implement the principles of governance and considers making sound decisions as the foundation for this.

Governance Report of Humansoft Holding Company (KSCP) For the fiscal year 31/12/2024

With the development of governance standards, Humansoft is committed to following and adopting these standards and continuously complying with them through high standards of transparency and integrity, and proper regulation of the relationships between the board of directors and the executive management with stakeholders and compliance with the laws and regulatory guidelines by the Capital Markets Authority. The company's aim is to implement the principles of governance and considers making sound decisions as the foundation for this.

Humansoft has strengthened its governance framework by enhancing management procedures, improving its internal control systems, and embedding the concepts of transparency and administrative responsibility in its operations. At Humansoft, governance is not only about adhering to laws and regulations, but also about building a culture of ethics, integrity and management responsibility. Our governance framework has been designed to ensure full transparency and ethical conduct in all our operations. The principles and rules of sound governance are considered the key to achieving sustainable development within the company. Therefore, Humansoft continues to work on developing its operations in this regard, in line with the regular review of the board of directors' policies and corporate governance

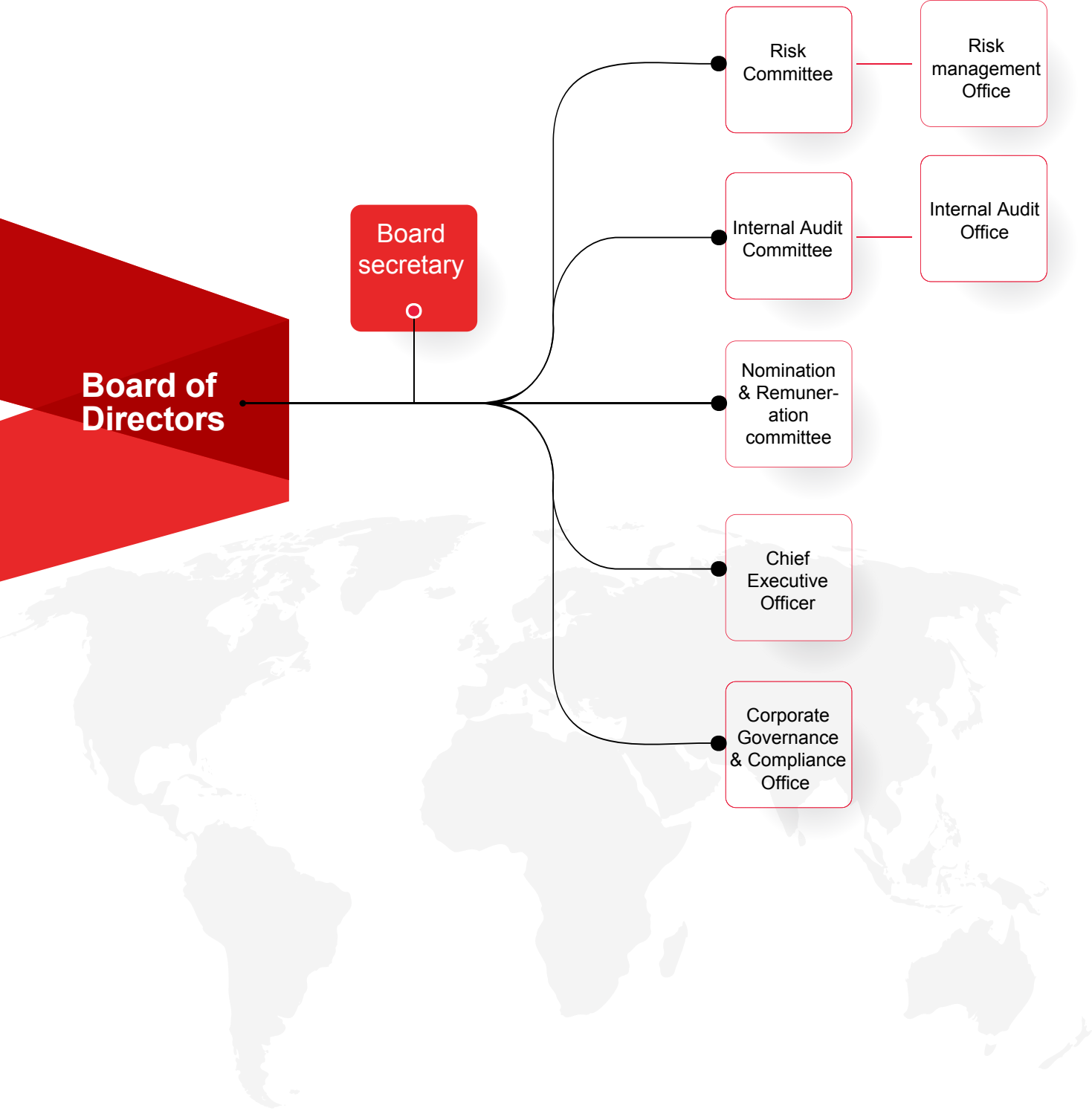
Governance Framework

Construction of a Balanced Board composition

•Brief on the formation of the Board of Directors:

Name	Classification	Qualification and Practical Experiences	Date Of Election /Appointment
Mr. Tareq Fahad Al Othman	Non-executive	<ul style="list-style-type: none"> - University degree - Bachelor in Accounting - More than 18 years of experience 	20 March 2022
Ms. Dalal Hasan Al Sabti	Non-executive	<ul style="list-style-type: none"> - University degree - Bachelor in Management Information System - More than 21 years of experience 	20 March 2022
Mr. Mayank Hasmukhlal Baxi	Non-executive	<ul style="list-style-type: none"> - University degree - Bachelor in Commerce - Chartered Accountant (CA) - More than 29 years of experience 	20 March 2022
Mr. Abdulrazzaq Abdullah Mohammad	Independent	<ul style="list-style-type: none"> - University degree - Master in Law - More than 44 years of experience 	20 March 2022
Mr. Hasan Qasem Al Ali	Non-executive	<ul style="list-style-type: none"> - University degree - Bachelor of Business Commerce - Around 40 years of experience 	20 March 2022
Mrs. Nisreen Yasser Rashid	Board's Secretary	<ul style="list-style-type: none"> - University degree - Bachelor of Science in Computer Science and Mathematics - More than 19 years of experience 	28 March 2022

Organizational Structure and Committees



Summary of the Board's meetings as follows:

The Board of Directors held 14 meetings during the year of 2024

	Ms. Dalal Hasan Al Sabti (Board member) (Chairperson of Board of Directors until 8 December 2024)	Mr. Tareq Fahad AlOthman (Chairman of Board of Directors from 8 December 2024) (Vice Chairman of Board of Directors until 8 December 2024)	Mr. Mayank Hasmukhlal Baxi (Vice Chairman of Board of Directors from 8 December 2024) (Member)	Mr. Abdulrazzaq Abdullah Mohammad (Independent member)	Mr. Hasan Qasem Al Ali (Member)
Meeting No.(1) Date: 16/01/2024	✓	✓	✓	✓	✓
Meeting No.(2) Date: 29/01/2024	✓	✓	✓	✓	✓
Meeting No.(3) Date: 11/02/2024	✓	✓	✓	✓	✓
Meeting No.(4) Date: 13/02/2024	✓	✓	✓	✓	✓
Meeting No.(5) Date: 25/03/2024	✓	✓	✓	✓	✓
Meeting No.(6) Date: 06/05/2024	✓	✓	✓	✓	
Meeting No.(7) Date: 13/05/2024	✓	✓	✓	✓	✓
Meeting No.(8) Date: 30/06/2024	✓	✓	✓	✓	✓
Meeting No.(9) Date: 24/07/2024	✓	✓	✓		✓
Meeting No.(10) Date: 30/09/2024	✓	✓	✓	✓	✓
Meeting No.(11) Date: 21/10/2024	✓	✓	✓	✓	✓
Meeting No.(12) Date: 04/11/2024	✓	✓	✓	✓	✓
Meeting No.(13) Date: 08/12/2024	✓	✓	✓	✓	✓
Meeting No.(14) Date: 17/12/2024	✓	✓		✓	✓
No. of Meetings	14	14	13	13	13

*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 board secretary in preserving these records and minutes and any decision related to them. Additionally, it is the responsibility of the board 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.

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 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 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 39,991,361 KD (Thirty-nine Million nine hundred ninety-one thousand three hundred sixty one Kuwaiti dinars only), in the fiscal year 2024.

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 31/12/2023.
- 3- A free bonus shares were distributed at a rate of 5% of the paid-up capital (5 shares for every 100 shares) for the financial year ending on 31/12/2023.
- 4- Approval of the governance report In line with the requirements of the Capital Markets Authority.
- 5- Discussing the Audit committee's recommendation for appointment of the auditors for the fiscal year ending on 31/12/2024.
- 6- 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 Nominations Committee to submit them to the General Assembly.
- 7- Approval of the key performance indicators (KPIs) for evaluating the Board of Directors and each of its committees.
- 8- 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, 2023 and following up on the

implementation of the approved strategies and plans.

- 9- Approval of the general framework for risk management and the risk register submitted to the Board of Directors by the Risk Management Committee.
- 10- Discussing and approving the risk appetite and studying any potential effects on the company.
- 11- Approval of the emergency plan and business continuity plan submitted to the board of directors by the risk management committee.
- 12- Approval of the estimated budget and the work plan for the year 2024.
- 13- Review and approve the sustainability plan for the year 2024.
- 14- Discussing the company's future strategy.
- 15- Review and discuss Integrated Reports.
- 16- 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.
- 17- Appointment of a new Internal Audit Manager based on the recommendation of the Audit Committee.
- 18- Review of all company policies.
- 19- The distribution of positions among the members of the Board of Directors and its committees was also revised at the end of this year.

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. Tareq Fahad AlOthman Chairman until 8-12-2024 -Mr. Mayank Hasmukhlal Baxi chairman from 8-12-2024	-Mr. Abdulrazzaq Abdullah Mohammad Chairman	-Mr. Tareq Fahad AlOthman Chairman
-Mr. Hasan Qasem Al Ali Member	-Mr. Tareq Fahad AlOthman Member until 8-12-2024 - Mr. Hasan Qasem Al Ali Member from 8-12-2024	-Ms. Dalal Hasan Al Sabti Member until 8-12-2024 -Mr. Mayank Hasmukhlal Baxi Member from 8-12-2024
-Mr. Abdulrazzaq Abdullah Mohammad Member	-Mr. Mayank Hasmukhlal Baxi Member	-Mr. Abdulrazzaq Abdullah Mohammad Member
Number of meetings-5	Number of meetings-4	Number of meetings-3

1- Name of the Committee: The Internal Audit Committee

The committee consists of three members. The committee held Five meetings during the past year. The committee was restructured on December 8, 2024, based on a decision by the Board of Directors, and the committee now consists of the following members:

Mr. Mayank Hasmukhlal Baxi		Chairman (from 8-12-2024)	
-Mr. Hasan Qasem Al Ali		Member	
-Mr. Abdulrazzaq Abdullah Mohammad		Member (independent)	
	Mr. Tareq Fahad AlOthman Chairman until 8-12-2024	Mr. Hasan Qasem Al Ali Member	Mr. Abdulrazzaq Abdullah Mohammad Member / independent
Meeting No.(1) Date: 11/02/2024	✓	✓	✓
Meeting No.(2) Date: 13/02/2024	✓	✓	✓
Meeting No.(3) Date: 06/05/2024	✓		✓
Meeting No.(4) Date: 24/07/2024	✓	✓	
Meeting No.(5) Date: 04/11/2024	✓	✓	✓
No. of Meetings	5	4	4

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. Recommending to the Board of Directors the reappoint the external auditor.
6. Approving of the internal work plan of the year 2025.
7. Evaluate the internal Audit manager and ensure that his role is performed effectively.
8. Preparing the Audit committee report to be read to the annual general assembly.
9. Reviewing of the Audit Policy.

- **Date of formation of the committee:** 28/3/2022 and its term ends with the end of the term of membership of board of directors, the committee was restructured on December 8, 2024.

2- The 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 December 8, 2024, based on a decision by the Board of Directors, and the committee now consists of the following members:

- Mr. Abdulrazzaq Abdullah Mohammad Chairman
- Mr. Hasan Qasem Al Ali Member from 8-12-2024
- Mr. Mayank Hasmukhlal Baxi Member

	Mr. Abdulrazzaq Abdullah Mohammad Chairman	Mr. Tareq Fahad AlOthman - Member until 8-12-2024	Mr. Mayank Hasmukhlal Baxi Member	Mr. Hasan Qasem Al Ali Member from 8-12-2024
Meeting No.(1) Date: 31/03/2024	✓	✓	✓	
Meeting No.(2) Date: 10/06/2024	✓	✓	✓	
Meeting No.(3) Date: 25/09/2024	✓	✓	✓	
Meeting No.(4) Date: 12/12/2024	✓		✓	✓
No. of Meetings	4	3	4	1

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 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 progress 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:** 28/3/2022 and its term ends with the end of the term of membership of board of directors, the committee was restructured on December 8, 2024.

3- Name of the Committee: The Nomination and Remuneration Committee

The committee consists of three members, and the committee held three meeting during the past year. The committee was restructured on December 8, 2024, based on a decision by the Board of Directors, and the committee now consists of the following members:

Mr. Tareq Fahad Al Othman	Chairman
Mr. Mayank Hasmukhlal Baxi	Member from 8-12-2024
-Mr. Abdulrazzaq Abdullah Mohammad	Member (independent)

	Mr. Tareq Fahad AlOthman Chairman	Ms. Dalal Hasan AISabti Member until 8-12-2024	Mr. Abdulrazzaq Abdullah Mohammad Member
Meeting No.(1) Date: 13/02/2024	✓	✓	✓
Meeting No.(2) Date: 14/05/2024	✓	✓	✓
Meeting No.(3) Date: 28/07/2024	✓	✓	✓
	3	3	3

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. Approving the annual report for the remunerations of members of the Board of Directors and the Executive management of the company.
2. Review the Key performance indicators (KPIs) for evaluating the company's Board of Directors.
3. Ensuring that Members of a Board of Directors independency is valid.

- **Date of formation of the committee:** 28/3/2022 and its term ends with the end of the term of membership of board of directors. the committee was restructured on December 8, 2024.

• 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 Nominations 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 as follows

In pursuance to the resolution of the annual general assembly, held on March 24, 2024, the approved remuneration of the members of the board of directors for the fiscal year 2023, were distributed in the amount of K.D 50,000 for each member of the board and with the total amount of K.D 250,000

Remunerations and benefits of Members of Board of Directors							
Total number of members	Remunerations and benefits through the parent company			Remunerations and benefits through the subsidiaries			
	Fixed remuneration and benefits (Kuwaiti Dinar)	Variable remuneration and benefits (Kuwaiti Dinar)		Fixed remuneration and benefits (Kuwaiti Dinar)		Variable remuneration and benefits (Kuwaiti Dinar)	
	Health insurance	Annual remuneration	Committees' remuneration	Health insurance	Monthly salaries (total of the year)	Annual remuneration	Committees' remuneration
5		250,000					

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

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 *														
Total executive positions	Remunerations and Benefits through the parent company							Remunerations and Benefits through the subsidiaries						
	Fixed remuneration and benefits (Kuwaiti Dinar)						Variable remuneration and benefits (Kuwaiti Dinar)	Fixed remuneration and benefits (Kuwaiti Dinar)						Variable remuneration and benefits (Kuwaiti Dinar)
	Monthly salaries (total of the year)	Health insurance	Annual tickets	Housing allowance	Transportations allowance	Children's education allowance	Annual remuneration	Monthly salaries (total of the year)	Health insurance	Annual tickets	Housing allowance	Transportations allowance	Children's education allowance	Annual remuneration
5	256,702	2,008	11,545	16,200	5,148	8,370	Nil	81,308	518	8000	Nil	Nil	Nil	Nil

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

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 five times over the past year. The audit committee makes its recommendations to the Board of Directors.

As explained in the second rule, the responsibilities of the internal audit committee include monitoring the implementation of internal control systems and the integrity of accounting and internal audit reports and making recommendations in order to submit them to the Board of Directors for approval. All these responsibilities come within the framework of ensuring and ensuring 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 auditors 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 2024.

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.

Those responsible for managing the risk office has independence through their subordination to the Risk Committee and to the Board of Directors. They must have the necessary authority to carry out their duties to the fullest.

extent without having financial powers or any powers that lead to a conflict with their supervisory role. 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 head 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 Business Charter 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, 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 supervising the disclosure process in order to ensure that the company adheres to the instructions and laws, and it is considered the authority responsible for communicating with the Capital Markets Authority or any regulatory authority, He must abide by the disclosure dates within the regulatory 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 Bursa Kuwait website

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 the boards 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 nominations 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 Board of Directors approved the company's social responsibility policy, which ensures achieving a balance between both the company's goals and society's goals, through its subsidiaries American university And American college of the Middle East working to spread awareness and participate in social and cultural events.

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

Humansoft Sustainability Report was released in August 2024, highlighting our five pillars as follows: Sustainability and Environment, Sports, Health and Wellness, Diversity, Inclusion and Innovation, Supporting and Developing Faculty and Staff, and Creating a Generation Ready to Work and Be Productive. HumanSoft, through its subsidiaries, has organized many initiatives, activities and programs related to these pillars, including the following:

Sustainability and Environment

- AUM is one of Humansoft's largest subsidiaries. It is also a member of the United Nations Initiative "Principles for Responsible Management Education (PRME)", affiliated with the United Nations Global Compact.
- In 2024, AUM University maintained its first position in Kuwait and achieved advanced rankings globally and regionally in prestigious global and university rankings. According to the QS World University Rankings for the 2025 edition, AUM ranked first in Kuwait for the fourth consecutive year, advancing to the 611-620 range globally, while it ranked 401-500 in THE World University Rankings for the 2025 edition. AUM also maintained its first position in Kuwait in the QS Arab University Rankings for the 2025 edition, ranking 23rd. Additionally, AUM retained the first position in Kuwait for the fourth consecutive year in the 2024 THE Arab University Rankings.
- In the 2024 UI GreenMetric World University Ranking, AUM maintained its first position in Kuwait and retained its fourth position in the Gulf region for the second consecutive year.
- In the 2024 THE Impact Rankings for Sustainable Development, AUM maintained its first position in Kuwait and was listed among the top ten universities in the Arab world .

Health and Wellness

- Awareness activities about breast cancer, diabetes and the mental health.
- AUM students participated in various sports competitions with the aim of creating a healthy environment due to the positive effects it has on both their sports and academic performance.

Diversity, Inclusion and Innovation.

- Students participated in international competitions and achieved outstanding results.
- Launching/organizing various events and activities related to culture, diversity and innovation.

Supporting and Developing Faculty and Staff

- A positive and transparent work environment that promotes academic excellence, career advancement and professional development, in addition to gender equality.

•AUM and ACM have many collaborations with local and global health institutions to ensure the health and well-being of their community. Various activities and events are also organized for employees and faculty members.

Creating a Generation Ready to Work and Be Productive

- Establishing and equipping many systems, virtual centers and studios; in addition to providing various electronic services to enrich the education process and support students' needs.
- Organizing the Tenth career fair, offering approximately 1,500 job opportunities; in addition to the career day activities that took place on campus.
- The American University of the Middle East (AUM) participated as a Platinum sponsor in the Nexus Technology Event, as part of its commitment to developing the educational process and keeping up with modern technology.
- AUM organized an awareness seminar in collaboration with the Capital Markets Authority at its campus to raise awareness about the work, vision, mission, and objectives of the Capital Markets Authority.
- The American University of the Middle East hosted the "Leaders of Tomorrow" program, organized by the Gulf Petrochemicals and Chemicals Association (GPCA), for the first time in Kuwait at its cultural center, with experts from various industries and petrochemicals sectors in the Gulf region.
- AUM organized the Kuwait Robotex competition in collaboration with the Global Robotex competition, the first edition of the prestigious global robotics competition.

Report of the Audit Committee For

The fiscal year ended 31/12/ 2024

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 5 meetings during the year 2024, The committee was reformed at the end of 2024, and the committee consists currently of the below three members:

1- Mr. Mayank Hasmukhlal Baxi	Chairman of the committee
2- Mr. Hasan Qasem Al Ali	Member
3- Mr. Abdulrazzaq Abdullah Mohammad	Member / independent

The committee summarizes its report during the year 2024 as follows:

1- Key achievements and tasks of the committee

- A new name has been nominated for the position of manager of the Internal Audit Office
- 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 appointment of external auditor.
- Reviewing the Internal Control Report issued by the independent audit office.
- Approving the internal audit work plan for the year 2025.
- 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.
- Discussing the disciplinary decision issued by the Capital Markets Authority.

2- Review of the Internal Control Systems in the Company.

During the fiscal year 2024, 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 2024 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 2024 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 decrease in profit during the financial year ended on 31 December 2024, compared with the same period in the previous year, is mainly due to higher expenses in the year 2024.

4- Review the Reports of the External Auditors and the Internal Audit Office

The external auditors' reports on the consolidated financial statements for the year 2024 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 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

Humansoft has been following a consistent strategy of a balance of Quantitative and Qualitative growth, thereby maintaining its net profit and margins and with it also maintaining high levels of Return on Equity (ROE) and Return on Assets (ROA).

Board of Directors' Report 2024

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, 2024.

2024 Financial Highlights

- The company achieved an admirable performance in terms of revenues and profits during the year 2024. 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 2024, revenue totaled KD 79.2 million, net profit reached KD 40 million, EBITDA stood at KD 43.1 million, and earnings per share amounted to 298 fils.
- Revenue in 2024 saw a slight increase compared to 2023.
- The overall costs in 2024 also rose compared to 2023, 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 withstand stress events.

Cash and Bank Balances as at the end of 2024 stood at KD 74.3 million, compared to KD 75.2 million at the end of 2023.

Total assets at the end of 2024 amounted to KD 143.8 million, compared to KD 147.2 million at the end of 2023

The average Return on Assets was 28% in 2024, the same as in 2023.

Shareholders' Equity

Total equity at the end of 2024 stood at KD 122.1 million, compared to KD 126.9 million at the end of 2023.

Average return on equity was 32% in 2024, the same as in 2023.

The Board of Directors recommended a contribution of KD 320,872 to voluntary reserve ensuring it exceeds 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 350 fils per share subject to the approval of the shareholders at the Annual General Assembly Meeting (AGM) and regulatory bodies.

Key figures and ratios	2024	2023	Change
Revenue (KD mn)	79.2	79.0	0%
EBITDA (KD mn)	43.1	44.6	-3%
EBITDA %	54%	56%	-2%
Net profit (KD mn)	40.0	41.8	-4%
Net Profit %	51%	53%	-2%
EPS (in fils)	298	311	-4%
Equity (KD mn)	122.1	126.9	-4%
Total Assets (KD mn)	143.8	147.2	-2%

Future Strategy

Humansoft has achieved its annual goals with outstanding financial results and will continue its path of accomplishments by implementing the roadmap it has outlined to realize its strategic vision. In the coming years, the company will remain focused on sustaining these goals by enhancing revenue and profitability growth. This will be accomplished by supporting and developing its educational institutions, particularly through its two major projects: the American University of the Middle East and the American College of the Middle East.

The company is also committed to improving the quality of education and continuously adapting to the rapid changes driven by the technological revolution and artificial intelligence.

In addition, the company is working towards the completion and launch of the College of Health Sciences, including obtaining final approvals and completing official procedures from the relevant government authorities. Efforts are also underway to explore the possibility of introducing new disciplines within the College of Engineering that align with labor market demands.

As part of its developmental strategy, Humansoft aims to continue seeking investment opportunities in modern technologies related to education and training, as well as investing in the education and technology sector to diversify income sources and create new investment channels.

Financial Growth over 10 years from 2015 to 2024

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 2015 to 2024 is showcased in its numbers.

The number of enrolled students grew at a CAGR of 5% over the 10 years from 2015 to 2024 from 8,620 in 2015 to 13,130 in 2024.

Total revenue for the company grew at a CAGR of 7% over the last 10-year period from KD 43.6 million in 2015 to KD 79.2 million in 2024.

Net profit for the company grew at a CAGR of 10% over the last 10-year period from KD 17.5 million in 2015 to KD 40.0 million in 2024.

The return on average shareholder's equity was 32% in 2024 and the return on average total assets was 28% in 2024.

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 2024) 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 2024) 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 2024, 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 2024, 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) 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.

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
<p>Revenue recognition</p> <p>The Group recognized revenue from higher education services amounting to KD 79,160,708 during the year ended 31 December 2024.</p> <p>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 2.14.</p> <p>Under ISAs, there is a presumed risk that revenue may be misstated due to improper recognition of revenue. There is inherently more judgement 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. Accordingly, we have considered this as a key audit matter.</p>	<p>Our audit procedures included, inter alia, the following:</p> <ul style="list-style-type: none"> • 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 amount recorded and reconciled the debits in the deferred revenue account with the revenue recorded; • performed an analytical review of revenue using number of students and fees compared to prior year to identify, understand and corroborate unusual fluctuations, if any. <p>We also assessed the disclosures in the consolidated financial statements relating to this matter against the requirements of IFRSs.</p>

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 2024 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 2024, 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.

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.

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 (Continued)

- 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.

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 2024 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, as amended, concerning the Capital Markets Authority and its related regulations during the year ended 31 December 2024 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

13 March 2025

Consolidated Statement of Financial Position as at 31 December 2024

Kuwaiti Dinars			
ASSETS	Notes	2024	2023
Current assets			
Cash and bank balances	4	74,286,447	75,245,933
Trade and other receivables	5	25,029,757	24,959,613
Investment in associate		-	6,683
		99,316,204	100,212,229
Non-current assets			
Right-of-use assets	7	475,683	590,505
Property and equipment	8	37,160,267	39,551,827
Intangible assets	9	6,870,026	6,869,034
		44,505,976	47,011,366
Total assets		143,822,180	147,223,595
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		307,463	530,952
Accrued expenses and other liabilities	10	6,321,109	5,454,752
Lease liabilities	11	123,127	116,157
Deferred income	12	7,032,253	7,024,891
Retentions payable		127,925	152,951
		13,911,877	13,279,703
Non-current liabilities			
Lease liabilities	11	436,029	559,156
Provision for staff indemnity	13	7,336,848	6,518,175
		7,772,877	7,077,331
Total liabilities		21,684,754	20,357,034
Equity			
Share capital	14	13,476,607	12,834,864
Share premium		1,512,000	1,512,000
Statutory reserve	15	9,894,240	9,894,240
Voluntary reserve	16	6,739,304	6,418,432
Treasury shares	17	(288,877)	(288,877)
Treasury shares reserve	17	564,013	564,013
Retained earnings		90,237,905	95,917,043
Foreign currency translation reserve		2,234	14,846
Total equity		122,137,426	126,866,561
Total liabilities and equity		143,822,180	147,223,595

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 2024

		Kuwaiti Dinars	
	Notes	2024	2023
Revenue		79,160,708	78,974,673
Cost of operations	18	(16,765,727)	(15,422,008)
Gross profit		62,394,981	63,552,665
General and administrative expenses	19	(20,065,673)	(19,249,438)
Selling expenses	20	(2,645,674)	(2,891,320)
Finance charges		(40,900)	(155,467)
Other income		2,653,048	2,939,374
Profit before contribution to Kuwait Foundation for Advancement of Sciences (“KFAS”), National Labour Support Tax (“NLST”), Zakat and Directors’ remuneration		42,295,782	44,195,814
Contribution to KFAS		(430,012)	(448,625)
NLST		(1,155,520)	(1,223,185)
Zakat		(468,889)	(495,708)
Directors’ remuneration		(250,000)	(250,000)
Profit for the year		39,991,361	41,778,296
Basic and diluted earnings per share (fils)	21	298	311

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 - year ended 31 December 2024

	Kuwaiti Dinars	
	2024	2023
Profit for the year	39,991,361	41,778,296
Other comprehensive income		
Items that may be reclassified subsequently to consolidated statement of profit or loss:		
Foreign currency translation adjustments	(12,612)	5,870
Other comprehensive (loss)/income for the year	(12,612)	5,870
Total comprehensive income for the year	39,978,749	41,784,166

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 2024

	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 2022	12,223,680	1,512,000	9,894,240	6,112,840	(288,877)	564,013	103,717,264	8,976	133,744,136
Total comprehensive income for the year	-	-	-	-	-	-	41,778,296	5,870	41,784,166
Transfer to reserves	-	-	-	305,592	-	-	(305,592)	-	-
Dividend (note 26)	-	-	-	-	-	-	(48,661,741)	-	(48,661,741)
Issue of bonus shares (note 14)	611,184	-	-	-	-	-	(611,184)	-	-
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

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

Consolidated Statement of Cash Flows - year ended 31 December 2024

Kuwaiti Dinars

	Notes	2024	2023
OPERATING ACTIVITIES			
Profit before contribution to KFAS, NLST, Zakat and Directors' remuneration		42,295,782	44,195,814
Adjustments for:			
Depreciation and amortisation	19	3,567,436	3,331,255
Provision for staff indemnity	13	1,205,603	1,268,335
Provision for inventories		-	4,142
Net expected credit loss on financial assets	19	2,518,044	2,396,899
Gain on disposal of property and equipment	8	(724)	(4,091)
Property and equipment and Intangible assets written off	9&8	4,955	-
Finance charges		40,900	155,467
Interest income		(2,573,752)	(2,834,626)
Operating cash flows before working capital changes		47,058,244	48,513,195
Changes in:			
Trade and other receivables		(2,259,783)	(1,209,107)
Inventories		-	491
Trade and other payables		(223,489)	(50,786)
Accrued expenses and other liabilities		697,040	310,930
Deferred income		7,362	(82,251)
Retentions payable		(25,026)	(19,518)
		45,254,348	47,462,954
Payment of staff indemnity	13	(386,999)	(257,385)
Payment of KFAS		(448,625)	(538,870)
Payment of NLST		(1,223,185)	(1,351,622)
Payment of Zakat		(495,675)	(546,868)
Directors' remuneration paid		(250,000)	(250,000)
Net cash from operating activities		42,449,864	44,518,209
INVESTING ACTIVITIES			
Purchase of property and equipment	8	(1,023,789)	(1,480,025)
Payments for intangible assets	9	(45,863)	(24,745)
Proceeds from disposal of property and equipment		3,375	4,200
Proceeds from liquidation of investments in associates		6,683	-
Margin deposits and restricted deposits	4	(282,384)	(293,159)
Term deposits		36,902,233	(15,000,000)
Interest received		2,245,347	2,833,951
Net cash from/(used in) investing activities		37,805,602	(13,959,778)
FINANCING ACTIVITIES			
Repayment of long-term debts		-	(2,321,723)
Finance charges paid		(40,900)	(165,501)
Repayment of principal portion of lease liabilities	11	(116,157)	(62,932)
Dividend paid		(44,425,503)	(48,502,620)
Net cash used in financing activities		(44,582,560)	(51,052,776)
Net increase/(decrease) in cash and cash equivalents		35,672,906	(20,494,345)
Effects of exchange rate changes on cash and cash equivalents		(12,543)	5,897
Cash and cash equivalents at beginning of the year		7,132,841	27,621,289
Cash and cash equivalents at end of the year	4	42,793,204	7,132,841

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

Notes to the Consolidated Financial Statements - 31 December 2024

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 13 March 2025 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 2024

The following amendments to IFRS Accounting Standards, which became effective for annual periods beginning on or after 1 January 2024, 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 to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures titled Supplier Finance Arrangements

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows.

Notes to the Consolidated Financial Statements - 31 December 2024

- Amendments to IAS 1 Classification of Liabilities as Current or Non-current

The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

- Amendments to IAS 1 Non-current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

- Amendments to IFRS 16 Leases—Lease Liability in a Sale and Leaseback

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

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:

Standards and amendments	Description	Effective date
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability	<p>The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.</p> <p>The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.</p> <p>When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.</p> <p>The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique.</p>	1 January 2025

Standards and amendments	Description	Effective date
Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments	<p>These amendments:</p> <ul style="list-style-type: none"> clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer 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 can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI). 	<p>1 January 2026</p>
IFRS 18 Presentation and Disclosures in Financial Statements	<p>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.</p> <p>IFRS 18 introduces new requirements to:</p> <ul style="list-style-type: none"> 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. 	<p>1 January 2027</p>
IFRS 19 Subsidiaries without Public Accountability: Disclosures	<p>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.</p> <p>An entity is only permitted to apply IFRS 19 if, at the end of the reporting period:</p> <ul style="list-style-type: none"> 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. 	

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.

Notes to the Consolidated Financial Statements - 31 December 2024

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

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.

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.

Notes to the Consolidated Financial Statements - 31 December 2024

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.

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.

Notes to the Consolidated Financial Statements - 31 December 2024

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 30 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.

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 Inventories

Inventories comprise of course materials and are stated at the lower of cost and net realisable value after making allowance for obsolete and slow moving items. Cost comprises the purchase price, import duties, transportation, handling, and other direct costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the first in first out ("FIFO") method. Net realisable value represents the estimated selling price less all estimated selling costs.

2.9 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 and 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.

2.10 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.

2.11 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.

2.12 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.

2.13 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.

2.14 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.

2.15 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.

2.16 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.

2.17 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.

2.18 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.

2.19 Kuwait Foundation for the Advancement of Sciences (KFAS)

The Group calculates the contribution to KFAS at 1% of profit for the year, in accordance with the calculation as per ministerial decision 287/2016, which states that the Board of Directors' remuneration and transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

2.20 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.

2.21 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.

2.22 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
		2024	2023	2024	2023	
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	1	1	99	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	
	2024	2023
Cash on hand	18,192	22,265
Balances with banks	10,670,488	6,223,668
Term deposits with banks	63,597,767	69,000,000
Cash and bank balances	74,286,447	75,245,933
Less: Margin deposits with banks whose original maturity period exceeds three months from the date of acquisition, included above	(136,166)	(136,163)
Less: Restricted balances	(1,259,310)	(976,929)
Less: Term deposits with banks whose original maturity period exceeds three months from the date of acquisition, included above	(30,097,767)	(67,000,000)
Cash and cash equivalents in the consolidated statement of cash flows	42,793,204	7,132,841

Term deposits are denominated in Kuwaiti Dinars and are placed with local banks carrying an effective rate of interest of 4.72% (2023: 5.07%) per annum.

As at the consolidated statement of financial position date, the undrawn bank overdraft facilities amounted to KD 7,000,000 (2023: 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	
	2024	2023
Kuwaiti Dinars	74,068,181	74,902,839
US Dollars	154,884	297,937
Other currencies	63,382	45,157
	74,286,447	75,245,933

5. Trade and other receivables

	Kuwaiti Dinars	
	2024	2023
Trade receivables	28,659,150	26,144,947
Less: Provision for ECL	(5,774,387)	(3,256,267)
	22,884,763	22,888,680
Advance to suppliers	228,714	371,674
Staff receivables	126,003	112,808
Refundable deposits	53,474	55,138
Accrued interest income	769,052	440,647
Prepaid expenses and other receivables	967,751	1,090,666
	25,029,757	24,959,613

Ageing buckets	31 December 2024			31 December 2023		
	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	21,479,090	-	-	21,435,322	-	-
< 30 days	-	-	-	-	-	-
31 – 60 days	-	-	-	32,067	0.15	48
61 – 90 days	-	-	-	4,213	0.15	6
> 90 days	7,180,060	80.42	5,774,387	4,673,345	69.68	3,256,213
	28,659,150		5,774,387	26,144,947		3,256,267

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. The Group took a specific provision for ECL amounting to KD 4,757,386 (31 December 2023: 2,281,152) which is due from a government related entity, the collection of which is uncertain.

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'.

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.

Movement of the Group's provision for ECL on trade receivables is as follows:

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

Kuwaiti Dinars				
2023				
	Receivables from Government related entities	Receivables from corporates	Receivables from individuals	Total
Balance at beginning of the year	-	8,736	850,632	859,368
Net ECL charge/(reversal)	2,281,152	(2,472)	118,219	2,396,899
Balance at the end of the year	2,281,152	6,264	968,851	3,256,267

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	
	2024	2023
Kuwaiti Dinars	25,008,093	24,879,431
US Dollars	17,740	51,190
Other currencies	3,924	28,992
	25,029,757	24,959,613

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 included in these consolidated financial statements are as follows:

	Kuwaiti Dinars	
	2024	2023
Compensation of key management personnel		
Short-term benefits	394,876	367,987
Post-employment benefits	23,730	16,509
	418,606	384,496

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	
	2024	2023
Balance at the beginning of the year	590,505	705,326
Amortisation expense	(114,822)	(114,821)
Balance at the end of the year	475,683	590,505

8. Property and Equipment

	Kuwaiti Dinars							
Cost	Freehold land	Building and leasehold land improvements	Computers and peripherals	Furniture, fixtures and decoration	Equipment	Library Books	Capital work in progress ("CWIP")	Total
Balance as at 31 December 2022	5,297,030	56,742,329	1,927,748	2,109,248	4,176,502	89,289	63,328	70,405,474
Additions	-	-	154,176	301,798	512,060	-	511,991	1,480,025
Transfers from CWIP	-	-	-	1,504	-	-	(1,504)	-
Disposals	-	-	(175,270)	(46,124)	(31,160)	-	-	(252,554)
Exchange adjustments	-	-	16	65	4	-	(2)	83
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
Accumulated depreciation and impairment losses								
Balance as at 31 December 2022	-	21,479,698	1,779,707	2,033,118	3,800,812	89,173	-	29,182,508
Charge for the year	-	2,729,576	90,744	84,194	246,542	-	-	3,151,056
Disposals	-	-	(175,218)	(46,085)	(31,142)	-	-	(252,445)
Exchange adjustments	-	-	13	65	4	-	-	82
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
Carrying amount								
As at 31 December 2024	5,297,030	29,940,875	165,935	781,154	740,345	116	234,812	37,160,267
As at 31 December 2023	5,297,030	32,533,055	211,424	295,199	641,190	116	573,813	39,551,827

9. Intangible assets

	Kuwaiti Dinars						
Cost	University & college licenses	Computer diploma programs, software, systems and curricular	Franchise	Trade mark, key money, and brand	Capital work in progress ("CWIP")	Total	
Balance as at 31 December 2022	6,752,000	1,266,823	91,000	132,010	53,725	8,295,58	
Additions	-	22,914	-	-	1,831	24,745	
Transfers from CWIP	-	32,294	-	4,897	(37,191)	-	
Disposals	-	-	-	(5,823)	-	(5,823)	
Exchange adjustments	-	1	-	69	(1)	69	
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	
Accumulated depreciation and impairment losses							
Balance as at 31 December 2022	-	1,193,244	91,000	101,677	-	1,385,921	
Charge for the year	-	59,125	-	6,253	-	65,378	
Disposals	-	-	-	(5,823)	-	(5,823)	
Exchange adjustments	-	-	-	39	-	39	
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	
Carrying amount							
As at 31 December 2024	6,752,000	31,594	-	24,580	61,852	6,870,026	
As at 31 December 2023	6,752,000	69,663	-	29,007	18,364	6,869,034	

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.

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:

	2024	2023
Discount Rate	11.49%	12.52%
Growth Rate	2.5%	2.5%

10. Accrued expenses and other liabilities

Kuwaiti Dinars

	2024	2023
Staff payables	1,047,681	1,020,867
Accrued expenses	1,788,889	1,138,985
KFAS payable	430,012	448,625
Zakat payable	468,889	495,708
NLST payable	1,155,520	1,223,185
Advance from customers / students	74,002	73,647
Dividend payable	1,253,877	960,267
Others	102,239	93,468
	6,321,109	5,454,752

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

Kuwaiti Dinars

	2024	2023
Kuwaiti Dinars	6,307,451	5,392,866
Other currencies	13,658	61,886
	6,321,109	5,454,752

11. Lease liabilities

Kuwaiti Dinars

	2024	2023
Balance at the beginning of the year	675,313	738,245
Accretion of interest	40,519	93,744
Payments	(156,676)	(156,676)
Balance at the end of the year	559,156	675,313
Current	123,127	116,157
Non-current	436,029	559,156
	559,156	675,313

12. Deferred income

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

13. Provision for staff indemnity

	Kuwaiti Dinars	
	2024	2023
Balance at the beginning of year	6,518,175	5,507,146
Provided during the year	1,205,603	1,268,335
Benefits paid during the year	(386,999)	(257,385)
Exchange adjustments	69	79
	7,336,848	6,518,175

14. Share capital

The Parent Company's authorized, issued, and paid-up share capital is KD 13,476,607 (2023: 12,834,864) comprises of 134,766,072 authorised and issued shares of 100 fils (2023: 128,348,640 shares of 100 fils) each fully paid in cash.

The shareholders' annual general meeting (AGM) held on 24 March 2024 approved the audited consolidated financial statements of the Group for the year ended 31 December 2023. Dividend of 350 fils per share (2022: 400 fils) and bonus shares of 5% of paid-up capital (2022: bonus shares of 5% of paid-up capital) for the year ended 31 December 2023 were approved by shareholders in AGM for the year ended 31 December 2023.

The extraordinary general meeting of shareholders held on 31 March 2024 approved the increase of the authorized, issued and paid up share capital from KD 12,834,864 to KD 13,476,607 and the change in share capital was recorded in the commercial register on 7 April 2024.

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. The Parent Company has discontinued further transfers to statutory reserve as it has exceeded 50% of the issued capital.

16. Voluntary reserve

The Board of Directors recommended transfer of KD 320,872 (2023: 305,592) to the voluntary reserve, in accordance with the Parent Company's Articles of Association, as amended, which require a 10% of the profit before KFAS, NLST, Zakat and Directors' remuneration is required to be transferred to voluntary reserve until such time as this reserve exceeds 50% of the Parent Company's issued capital. Accordingly, in the current year, the Parent Company transferred the amount required to make the voluntary reserve exceeds 50% of the Parent Company's issued capital. This is subject to approval of the shareholders in the Annual General Meeting.

17. Treasury shares and treasury shares reserve

	2024	2023
Number of shares held	642,741	611,829
As a percentage of issued shares	0.48%	0.48%
Market value (KD)	1,748,256	2,079,607

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

	Kuwaiti Dinars	
	2024	2023
Staff salaries and related costs	16,765,727	15,218,903
Facilities costs	-	196,200
Other costs of operations	-	6,905
	16,765,727	15,422,008

19. General and administrative expenses

	Kuwaiti Dinars	
	2024	2023
Staff salaries and related costs	5,318,414	4,939,674
Facilities costs	3,211,386	3,035,835
Net expected credit loss	2,518,044	2,396,899
Depreciation and amortisation	3,567,436	3,331,255
Student activities costs	1,302,029	1,160,151
Other administration expenses	4,148,364	4,385,624
	20,065,673	19,249,438

20. Selling expenses

	Kuwaiti Dinars	
	2024	2023
Advertisement expense and sales promotion	2,559,310	2,776,254
Other selling expenses	86,364	115,066
	2,645,674	2,891,320

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	
	2024	2023
Profit for the year	39,991,361	41,778,296
		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)	298	311

Earnings per share calculations for the year ended 31 December 2023 have been adjusted to take account of the bonus shares issued in 2024.

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
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

	Kuwaiti Dinars		
	Higher Education	Others	Total
2023			
Segment revenues- point over time	78,694,999	279,674	78,974,673
Segment expenses	(34,065,320)	(2,583,709)	(36,649,029)
Depreciation and amortisation	(3,317,504)	(13,751)	(3,331,255)
Share of loss of associates	(154,846)	(621)	(155,467)
Other income	2,821,486	117,888	2,939,374
Profit/(loss) for the year	43,978,815	(2,200,519)	41,778,296
Assets			
Segment total assets	139,773,401	7,450,194	147,223,595
Liabilities			
Segment total liabilities	17,709,164	2,647,870	20,357,034

Segment revenue above represents income generated from external customers. There was no inter-segment income during the year (2023: 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 72,871,714 (2023: KD 72,973,753) from a government institution in Kuwait.

23. Commitments and contingent liabilities

	Kuwaiti Dinars	
	2024	2023
Commitments		
Capital commitments for construction	311,647	86,506
Contingent liabilities		
Letters of credit	-	191,511
Letters of guarantee	4,154,067	3,618,194

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.

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

As at 31 December 2024 (2023: 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 2024, 92% (2023: 91%) 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	
	2024	2023
Balances with banks	10,670,488	6,223,668
Deposits with banks	63,597,767	69,000,000
Trade and other receivables (excluding prepaid expenses and advance to suppliers)	23,839,413	23,528,529
	98,107,668	98,752,197

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				Total
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	
At 31 December 2024					
Financial liabilities					
Trade and other payables	307,463	-	-	-	307,463
Accrued expenses and other liabilities	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
Commitments					
Capital commitments for construction	311,647	-	-	-	311,647

	Kuwaiti Dinars				Total
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	
At 31 December 2023					
Financial liabilities					
Trade and other payables	530,952	-	-	-	530,952
Accrued expenses and other liabilities	5,381,105	-	-	-	5,381,105
Retentions payable	152,951	-	-	-	152,951
Lease liabilities	156,676	156,676	359,249	140,579	813,180
	6,221,684	156,676	359,249	140,579	6,878,188
Contingent liabilities					
Letters of credit	191,511	-	-	-	191,511
Letters of guarantee	1,048,339	2,538,812	30,000	1,043	3,618,194
Commitments					
Capital commitments for construction	86,506	-	-	-	86,506

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 2024, the Group is not geared (2023: not geared).

26. Dividend distribution

Proposed dividend

The Board of Directors, subject to the approval of shareholders, have recommended distribution of cash dividend of 350 fils per share (2023: 350 fils per share and bonus shares of 5% of paid-up capital) for the year ended 31 December 2024. 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.