

Board of Directors' Report 2023

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, 2023.

2023 Financial Highlights

- The company achieved an admirable performance in terms of revenues and profits during the year 2023. 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 2023, Revenue was KD 79.0 million, Net Profit was KD 41.8 million, EBITDA was KD 44.6 million and Earnings Per Share amounted to 327 fils.

Revenue in 2023 was 5.6% lower in comparison with 2022, mainly due to the changes in the academic calendar in Q1 2022 and lower revenue for the Spring and Summer 2023 semester.

The overall costs in 2023 also increased in comparison with 2022 mainly due to higher General & Administrative expenses and Selling 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 2023 amounted to KD 75.2 million as compared to KD 80.4 million at the end of 2022.

Total assets as at the end of 2023 amounted to KD 147.2 million as compared to KD 155.4 million as at the end of 2022.

Average Return on Assets amounted to 28% in 2023 as compared to 32% in 2022.

Shareholders' Equity

Total equity as at the end of 2023 was KD 126.9 million, as compared to KD 133.7 million as at the end of 2022.

Average return on equity amounted to 32% in 2023 as compared to 38% in 2022.

The Board of Directors recommended to contribute KD 305,592 to voluntary reserve an amount required to make the voluntary reserve 50% of share capital.

The Board of Directors recommended not to contribute to statutory reserve, as it has exceeded 50% of the share capital.

Dividend

The Board of Directors recommends cash dividends of 350 fils per share and 5% bonus shares of share capital, 5 shares for every 100 paid shares subject to the approval of the shareholders at the Annual General Assembly Meeting (AGM) and regulatory bodies.

Key figures and ratios	2023	2022	Change
Revenue (KD mn)	79.0	83.6	-6%
EBITDA (KD mn)	44.6	55.1	-19%
EBITDA %	57%	66%	-9%
Net profit (KD mn)	41.8	50.7	-18%
Net Profit %	53%	61%	-8%
EPS (in fils)	327	397	-18%
Equity (KD mn)	126.9	133.7	-5%
Total Assets (KD mn)	147.2	155.4	-5%

Future Strategy

Humansoft has continued its success and achieved outstanding financial results for the year 2023. Following on the same path of achievements and progress, it will implement the company's roadmap to fulfill its strategic plan.

From the short-term perspective, Humansoft's strategy in previous years focused on not dispersing resources in various new projects but focusing all these resources instead on the American University of the Middle East and the American College of the Middle East and enhancing their efficiency and academic standing, so as to directly achieve the highest returns from these existing projects. This has already been achieved, establishing a level of efficiency that enables AUM to continue to attract outstanding students and gain a competitive advantage in the long term.

As a result of this approach, the American University of the Middle East succeeded in Obtaining international academic accreditations and advancing in international rankings. Thus, it surpassed local universities and placed significantly ahead, and progressed ahead of the several prestigious Arab universities.

The American University of the Middle East has announced the launch of the College of Health Sciences and is currently in the process of completing the final stage with the official authorities to start offering bachelor's degrees in nursing, nutrition and medical laboratories. This step increases the options available to students, diversifying our sources of revenue. The establishment of the College of Health Sciences is a crucial and vital step in the field of health education that will lead to expanding scientific research and innovation in the health sector. This will result in qualifying young professionals to work in the health sector in Kuwait and the region, empowering them with the most in-demand skills and the needed experience according to the latest modern technology.

Furthermore, the American University of the Middle East is working on the final stages with the official authorities to begin offering a master's degree in engineering disciplines. This strategic step is created by AUM's relentless efforts to deepen scientific research in the fields of engineering, enhance its research and scientific standing and achieve sustainable progress. It comes in response to the major trend in the global market sector to focus on artificial intelligence and energy sources.

And in the long-term perspective, Humansoft's strategy is to invest our expertise and financial and human resources in searching for new opportunities in the fields of education, human development and technology, so as to diversify sources of income and enhance the company's position as a leading company in the field of education and human development in Kuwait and the region.

We will move forward in our current fiscal year 2023-2024, with a positive future outlook, with our hopes of continuing to achieve profits for our partners in this success. We will also continue to work to achieve our goals in line with global economic developments.