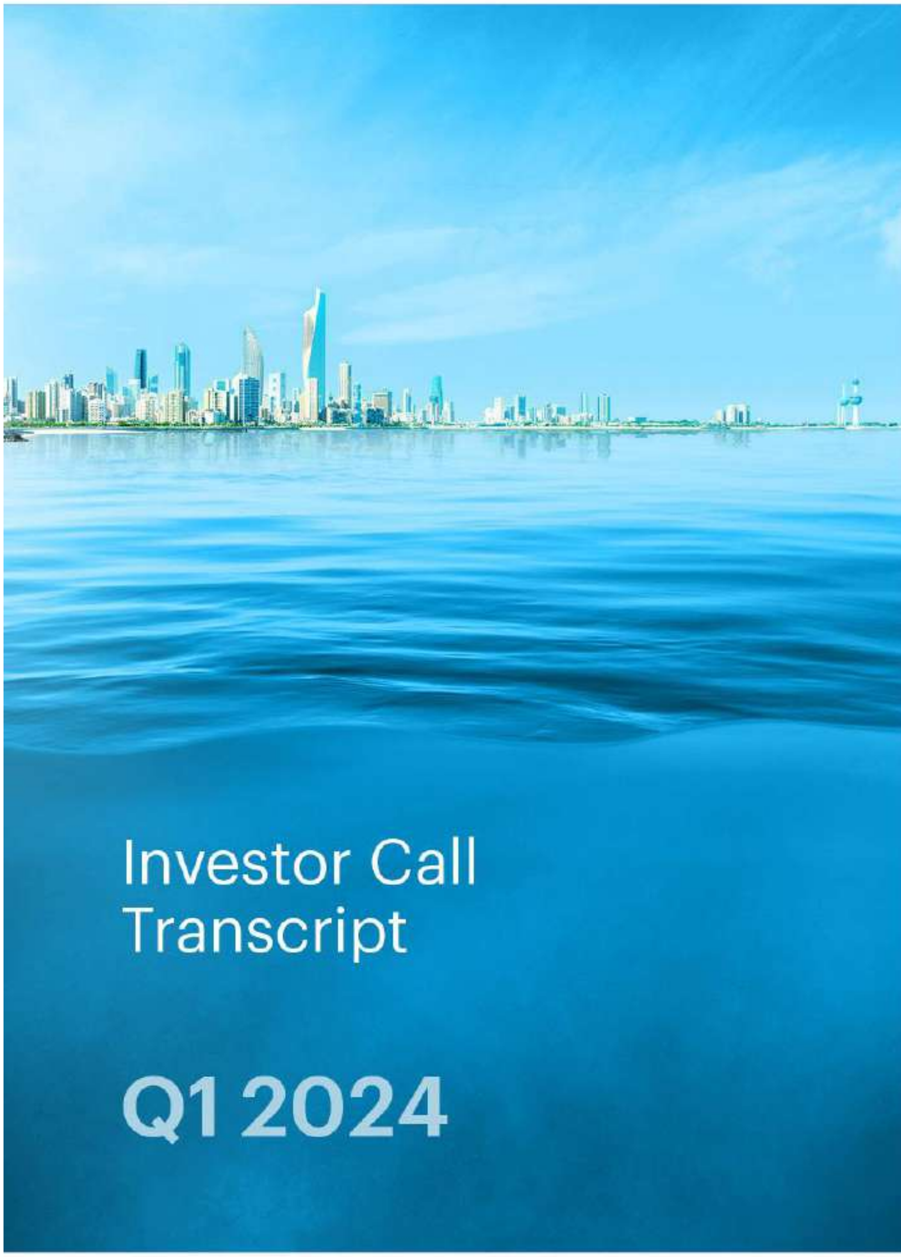

Investor Call Transcript

Q1 2024

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KIPCO

KIPCO Q1 2024 Investor Call Transcript

Introduction: Good afternoon, everyone. This is Ahmed El Shazly and on behalf of EFG Hermes, I welcome you all to the Q1 2024 Earnings Call for Kuwait Projects Company (Holding) – KIPCO. It is a pleasure to have with us on the call today Mr Sunny Bhatia (Group CFO), Mr Moustapha Chami (Deputy Group CFO) and Ms Eman Al Awadhi (Group Senior Vice President, Corporate Communications & IR) at KIPCO. I would like to hand over the call to Ms Eman Al Awadhi. Thank you.

Eman Al Awadhi: Thank you, Ahmed. Good afternoon, everyone. We welcome you to our earnings call for the first quarter 31 March 2024. Please note that today's presentation is also available on our website along with financial statements for the quarter.

Moving on to the presentation, please refer to the brief disclaimer on slide 2. Some of the statements that we will be making today and information available in the presentation can be forward looking. Such statements are based on KIPCO's current expectations, predictions and estimates and are subject to risks and uncertainties which may adversely or otherwise affect the future outcome. They are not a guarantee of future performance, achievement or results.

I will now hand over to Sunny to take you through some of the highlights for the period.

Sunny Bhatia: Thank you Eman. Good afternoon, everyone.

The past few months have been eventful for KIPCO. As you know, in January we announced the monetization of the second, third, fourth (and final) annual receivable installments associated with the sale of KIPCO Group's 46.32% equity stake in Gulf Insurance Group. The installments aggregated to US$ 495m, which resulted in a liquidity increase of US$ 426m. The monetization was reflected in this quarter's financial information.

This quarter we also repaid the remaining balance of the US$ 195m of the US$ 525m syndicated credit facility. With this payment, this facility now stands fully paid and is closed.

In February, we announced that our subsidiary, Jordan Kuwait Bank, had embarked on a technical, financial and legal due diligence to assess the concept of a merger with the Jordan-based Bank Al Etihad. These diligences are in progress and we will be disclosing any material developments on this matter as they unfold.

Last month we announced the successful completion of the merger of OSN's streaming business, OSN+, with Anghami, whereby OSN Group acquired a controlling stake of 55.45% in Anghami. This transaction involved a cash investment of US$ 38m and also the contribution of the OSN+ brand and its business.

Moving on to slide 5, where we cover KIPCO's consolidated financial performance for Q1 2024. We are pleased to report that KIPCO posted a net profit of US$ 19.0m, representing a net increase of 14% over Q1 2023. This is primarily due to the overall better performance across our foreign banking operations, as well as businesses in foodstuff, logistics and oil field services.

KIPCO posted a total revenue of US$ 1.14b in Q1 2024, which represents an increase of 14% compared to US$ 1.0b reported in Q1 2023. This net increase is mainly attributable to the increased income from banking operations, as well as increase in revenue from new sectors like industrial and logistics.

KIPCO's total assets at the consolidated level stood at US$ 40.7b at the end of Q1 2024, which is a 1.5% increase from the US$ 40.1b reported at year-end 2023.

Moving on to slide 6. Interest income from banking operations increased by 26.9% to reach US$ 539.3m compared to US$ 425.0m for the same period last year. Net fee & commission income increased by 28% to reach US$ 89.2m. Meanwhile, income from media & digital satellite income witnessed a 14% decrease to US$ 55.1m compared to US$ 63.9m for Q1 2023, while hospitality and real estate income saw a drop of 15% in Q1 2024 to US$ 62.4m. Meanwhile, income from the energy sector saw a 7% drop to US$ 32.1m, while the industrial and logistics sector registered a 5% increase in income to US$ 230.4m.

Total expenses increased to US$ 1.0b in Q1 2024 versus US$ 0.9b for the corresponding period in 2023 primarily due to higher interest expenses by US$ 129m.

Furthermore, the Group's interim condensed consolidated financial information include the effects of hyperinflation in accordance with IAS 29 "Financial Reporting in Hyperinflationary

Economies” stemming from our Turkish operations. As a result, the Group recorded a net monetary loss of US$ 22.4m during Q1 2024 due to Burgan Bank operations in Turkey. For further details, please refer to Note (2.4) from the published interim condensed consolidated financial information.

I will now hand over to Moustapha to provide details on the financial performance of the Group.

Moustapha Chami: Thank you Sunny, and good afternoon everyone.

Let us move to slide 8, where we cover key performance highlights of our banking operations. We start with Burgan Bank Group’s results for Q1 2024. I would like to note that Burgan Bank held its earnings call earlier today, and you can refer to the transcript for more details.

Operating income for Q1 2024 came to US$ 174.2m, up 7.3% from the US$ 162.3m reported in Q1 2023. Net income increased 34% to US$ 33m versus US$ 24.6m for Q1 2023. Burgan Bank’s loan book went up 2% to US$ 14.1b, while deposits increased 13.5% to US$ 16.5b in Q1 2024 when compared to year-end 2023.

The bank reported a strong liquidity coverage ratio of 207% and a net stable funding ratio of 120% in comparison to 159% and 111% respectively reported for the same period in 2023.

Provisions coverage ratio remains strong at 170%, while the NPL ratio slightly increased to 2.6% for the quarter compared to 1.8% for Q1 2023. The bank reported a CET1 Ratio of 13.2% and CAR of 19.5% for Q1 2024, well above regulatory requirements of 10.5% and 14.0% respectively.

As you know, Burgan Bank obtained CMA approval in January to issue KD 154m (US$ 500m) Perpetual Tier 1 Capital Bonds in accordance with Basel III Regulations. The Central Bank of Kuwait gave its approval in April and placement was completed last week for KD 150m (US$ 488m). The proceeds will enforce the Additional Tier 1 (AT1) capital for the purpose of supporting the bank’s capital adequacy ratio under the Basel III framework and for general corporate purposes.

Last week, Burgan Bank received the Central Bank's approval to redeem its outstanding US$ 500m Perpetual Tier 1 Capital Securities issued in July 2019.

We move on to slide 9 to cover JKB's performance for Q1 2024. JKB's net profit for Q1 2024 came to US$ 43.2m, 33.3% up from the US$ 32.4m reported for Q1 2023. Total income grew 41.4% to reach US$ 122.2m versus US$ 86.4m in Q1 2023. In Q1 2024, JKB's loan book dropped 3% to US$ 2.7b versus US$ 2.8b at the end of 2023. Deposits dropped by a slight 1% to US$ 5.2b from year-end 2023.

It is also worth highlighting that JKB continues to conduct the technical, financial and legal due diligence on a possible merger with the Jordan-based Bank Al Etihad.

On slide 10, we can see the performance of SADAFCO. The foodstuff company reported a 7.4% increase in revenue for Q1 2024 at US$ 191.4m compared to US$ 178.2m for the same period the previous year. Operating profit was up 33% for the period, registering US$ 32.3m compared to US$ 24.3m for the corresponding period in the previous financial year. SADAFCO posted a 40% increase in net profit to US$ 33.7m, compared to US$ 24.1m in Q1 2023, primarily driven by increased sales and improved gross margin.

SADAFCO's financial cash position remains strong with a US$ 203m cash and bank deposits' balance. The company has now changed its fiscal year from March-end to December-end. SADAFCO continues to dominate the market in its three main product lines; UHT milk, tomato paste and ice cream, with plans to invest in sales and distribution channels to further drive growth and expand market presence. The profitability of SADAFCO's Poland operations continues to improve compared to last year, with a return to normal B2B margins.

SADAFCO had distributed a dividend of SAR 6 per share for the first six months of the short FY of 9 months. This week, the AGM approved the distribution of an additional SAR 6 per share for 2023. This is the highest dividend distribution ever in a single year at SAR 12 per share.

United Gulf Holding Company (UGH) is featured on slide 11. UGH incurred a loss of US$ 8.7m in Q1 2024 compared to a net loss of US$ 16.2m in Q1 2023. Total revenue increased 46% to US$ 57m in Q1 2024 compared to US$ 39m for the same period last year. AUM grew 11% to US$ 15.8b in Q1 2024, compared to US$ 14.2b at the end of 2023.

On slide 12 we have the results of United Real Estate Company (URC). Across its key income streams of the business, the company reported a 6.3% increase in rental and hospitality income, offset by a 34% decline in the contracting and services revenue, resulting in a 14.6% decrease in revenue for Q1 2024 at US$ 65.1m.

Operating income dropped 7.4% to reach US$ 17.6m versus US$ 19m in Q1 2023. URC's net profit posted an increase of 1.0% for Q1 2024 at US$ 6.7m versus US$ 6.6m for the same period in 2023.

It is worthy to note that last month, URC's BOT development, Marina World, received a one-year extension from Kuwait Authority for Partnership Projects. The extension ends on August 24, 2025, and the rental income for this period will thus be reflected in the financial statements of the company.

Moving on to slide 13. Starting with our logistics and power rental business, JTC, reported a total revenue of US$ 22.8m for Q1 2024, 5.3% lower than the US$ 24.1m reported for Q1 2024. The drop is attributed to the port division. Gross profits for Q1 2024 decreased by 1% to reach US$ 8m versus US$ 8.1m for Q1 2023. Net profit for Q1 2024 amounting to US$ 6m, 18% higher than the reported US$ 5.1m last year.

Moving to National Petroleum Services Company (NAPESCO), our oilfield services provider. NAPESCO's revenue for Q1 2024 dropped 3% to reach US$ 32m versus US$ 33m in Q1 2023. NAPESCO posted a net profit of US$ 7.8m for Q1 2024, 8% up from US$ 7.2m for the corresponding period the previous year. This was supported by operational efficiencies.

Moving on to the healthcare sector with Advanced Technology Company. ATC witnessed a 3% decrease in revenue to reach US$ 133.2m compared to US$ 137.2m in Q1 2023. ATC achieved a net profit of US$ 0.2m in Q1 2024 compared to US$ 19.1m in Q1 2023.

Finally, slide 14 shows the recent business updates on OSN. On April 2, OSN successfully closed the merger between Anghami and OSN+. The deal, involving an injection of US$ 38m, has created a media tech company with AI at its core. The MENA streaming powerhouse now has 120 million users, more than 2.5 million subscribers, and US$ 100m combined revenue.

OSN continues to negotiate its content and studio deals with the aim of optimizing costs. It constantly works to enhance the dishless OSNtv box experience. The plugin box reflects OSN's strategy towards streaming tv with a linear environment.

I will now hand over the call to Ahmed to invite our listeners to raise any questions they may have.

Moderator: We have our first question from Zafar Nazim. Please go ahead.

Moderator: Zafar, we can't hear you. Let's take a couple of questions from the chat, until Zafar comes back. We have a question from Rajat Bagchi. Could you please provide some insights on when minority shareholders will be paid as part of GIG stake sale and what is the tentative timeline to delist GIG?

Sunny Bhatia: Thank you Rajat for that question. As far as the Group's holding in GIG was concerned, 69% of that holding was with the parent and the remaining 31% was with the various subsidiaries. As the proceeds were pro-rated, the direct inflow at the parent level was 69% percent of the total proceeds.

As we have discussed and disclosed earlier, there was a down payment of US$ 177m (US$ 200m minus the dividends) that was received in December 2023. Then, in January, we monetized the 2nd, 3rd and 4th installment which aggregated to US$ 495m and we received the proceeds of around US$ 426m. The difference represents the discount or the interest expense for the period, and there are some other expenses. So, we expect the net proceeds to be around US$ 410m for the 2nd, 3rd and 4th installment. The 1st installment, which is the gross amount of US$ 165m is due in December of this year has not been discounted, and it will flow into the company's cash flows in December 2024. I hope that answers your questions.

Moderator: Thank you very much. I think Zafar is back. Please go ahead.

Zafar Nazim: Okay, great. Thanks for the call and the information. I had a couple of questions. One was on dividends; can you please confirm how much dividends you received in the first quarter of the year?

Moustapha Chami: Around US$ 30m of dividends in the 1st quarter. Most of our companies will start distributing dividends from Q2 and Q3 as they have announced recently in their AGM.

Zafar Nazim: And based upon the announcements they've made, what do you expect this year's dividend inflow to be in aggregate?

Moustapha Chami: We will have to wait as we are refraining from giving any forward-looking information.

Zafar Nazim: Alright and then just on the debt side, I know that you repaid the syndicated facility, but the parent debt balance has not really gone down by much, it has only gone down by US$ 30-31m. I was wondering, is there any specific reason that you paid down the debt and then you reborrowed? Your cash balance was reasonable. So, first if you can walk us through why you reborrowed. And second, the loans payable that you have at the parent company level, can you tell us what is the average rate of interest on these loans and also regarding the longer maturity loan, what is the average maturity? There is a portion which is due within one year and then there is a portion which is due after one year. So, what is the maturity of the portion which is due after one year?

Sunny Bhatia: Thank you, Zafar for your queries. To answer your first question. On a Gross basis, you can see that the debt at the parent level declined by KD 9.5m or around US$ 30m plus as you said. During the quarter we repaid the expensive syndicated facility of US$ 525m by prepaying the remaining outstanding amount of US$ 195m. Then, there were bank loans drawdown from the relationship banks in Kuwait. This is part of our capital structure planning whereby we want to diversify our funding relationships, and these are mainly revolving facilities which we have from local banks and they are drawn as and when required. It is primarily for establishing a track record with the local Kuwaiti banks, which we have done. And then the important thing as you would have noticed that our overall level of cash balance has increased by KD 66m from 31 December 2023 to 31 March 2024, primarily driven by the increased liquidity from the monetization of the GIG proceeds at the parent company level.

Coming to your question on the debt profile at the parent level. I think it is better if I speak all the numbers in US dollars for your convenience. So, firstly the less than one-year facilities are US$ 411m, which includes the KD bond due on 28th of December 2024 equivalent to US$ 216m. And then there are the relationship banks bilateral loans of US$ 195m. So overall the less than one-year facilities are US$ 411m, which are fully covered by the cash balance we have. Then, the one to three-year bucket includes two EMTNs of US$ 500m each due in October 2026 and February 2027. In addition, there are bank loans of US$ 324m in the one to three-year bucket. All the remaining facilities equivalent to KD 339m or US$ 1.1b are greater than three years.

Zafar Nazim: Got it, thank you very much for that.

Moderator: Thank you, we'll take our next question from Rajat Bagchi. Please unmute your microphone and go ahead.

Rajat Bagchi: Actually, I'll go back to my first question which is to understand when minority shareholders will get paid. So, what I meant is the non-KIPCO entity shareholders. So, there were shareholders other than KIPCO entities in the market for GIG. When do they get paid out for this deal and what is the plan for de-listing GIG? Can you just comment on that?

Sunny Bhatia: This is a question for GIG to answer. Let me clarify, KIPCO Group was a shareholder of 46.32% equity in GIG, which we have sold. The question you are raising is from the point of view of GIG's minority shareholders who may have undergone the process of MTO done by the acquirer of our 46.32% stake. So, probably you can raise it directly with the investor relations team of GIG, because this is a matter for GIG, which is a separate legal entity. And after the exit, we own no equity in GIG, and it is no longer our associate anymore.

Moderator: Okay, so we will go back to the questions we have received on the chat. Next question also from Rajat. What drove the net profit growth for JKB? Can you please comment on the NIMs?

Moustapha Chami: The main profit stream of JKB was its underlying subsidiary Bank of Baghdad which had a growth in net profit of more than 200% reaching US$ 58.1m for the quarter. That was the major part of JKB's growth and profitability.

Moderator: Another question from the chat from Rajat. What was the reason for the sharp decline in net profit for ATC and what is KIPCO’s effective ownership in ATC?

Moustapha Chami: The main decline in ATC profitability was mainly two folds. One, because of the consolidation of its hospital, which is still in its beginning stage, and it incurs a lot of expenses including depreciation and their operating profit is yet to pick up. Another reason is the increase in the provisions of ATC versus reversal in the corresponding quarter of 2023.

Moderator: Thank you. We have a question from Janany Vamadeva. How do you expect the loss at media and satellite to trend after the Anghami deal in April? Should we expect a significant improvement?

Moustapha Chami: The Anghami deal closed in April 2024. The first milestone of seamless migration to the Anghami platform has been achieved. The videos of OSN+ are being offered through the Anghami platform. Cost synergies have been implemented and are ongoing. There will be cross-sell revenues which are yet to come like using the experience of Anghami for the diversified products especially in terms of advertisement. All of these would hopefully have a positive impact on OSN which would be reflected in their financials in the quarters to come.

Moderator: We have a question on Anghami from Amanda Ghannam. What is the expected date of integration with Anghami and what is the expected injection?

Moustapha Chami: We have already disclosed that the injection has been made which is US$38m. As I said earlier that the migration has been done, the OSN+ media now is being migrated on Anghami platform, so that's from an integration or migration of systems point of view. There will be more enhancement in the months to come, but the migration has already taken place.

Moderator: We will take our next question from Abhishek Shukla.

Abhishek Shukla: My first question is on OSN+. By when can we expect this business to break even or how should we look into this business now?

Sunny Bhatia: We do not provide forward-looking guidance, but we have publicly disclosed all the key drivers of bringing this business to stabilization and the rationale of the transaction. The OSN+ Angami transaction has revenue synergy because of addition of fee-paying subscribers to the business. In addition, there is the potential for the cross-sell and advertisement business because there are about 120 million registered users on the platform.

Second is the cost synergies. We are pleased to notify that both the teams have managed to achieve the integration a month ahead of the planned time. So, with their integration, there are cost synergies, and we are taking this opportunity to not only rationalize the cost but also take the best of the resources and technical solutions and the platform from the two businesses. So, all these factors together would put OSN on an accelerated path to stabilization. From the reported segment information, you can get some indication as to how year on year the required cash injection into the media segment of our business has been reducing. As we proceed further by reaping the benefits of this integration, you should be in a position to see the greater impact of these factors in our subsequent quarterly financials.

Abhishek Shukla: My second question is on the debt side of the business. As we saw you sold your insurance business, some inflows have come, you have repaid it and then again you have taken some debt again with the banks. And similarly, some of the other businesses as you have highlighted in your presentation, you're looking to merge in Jordan. How should we think about from the debt perspective, are you looking to reduce your leverage or what is the level of the leverage that you're looking for. Thank You.

Sunny Bhatia: Our leverage in terms of LTV ratio has two dimensions. One is the gross leverage, and the second one is the value of the underlying portfolio. We are working on both sides of the equation. On the liabilities side, we have been extending the maturities like refinancing or the liability management of November 2023 KD bond and December 2024 KD bond by issuance of KD165m bonds in December 2022, raising KD 60m of new money or whether it was issuance of Sukuk amounting to KD 103m, the proceeds of which were primarily used to prepay the syndicated facility. From the GIG proceeds, there is an increase in the cash, and at the same time liabilities have reduced but not to that level. Further, as part of our cash planning, we have earmarked US$ 165m, which is the 1st installment of GIG sale, towards the repayment of December 2024 KD bond amounting to KD66m.

So, use of proceeds are general corporate purposes, but the liability reduction is an important dimension of it. Recapitalizing our subsidiaries for value enhancement is the second dimension of it e.g. we have injected US$ 38m of cash in OSN towards the Anghami transaction. Then, as I mentioned previously, in the GIG proceeds only 69% of the proceeds belong to the parent and rest 31% are attributable to our subsidiaries and they have also done the strengthening of their capital structure, or they have made investment in their growth businesses.

In terms of assets dimension, we have taken a series of initiatives to improve the value of our portfolio, whether it is change in the management team or undergoing the transformative M&A transactions or whether it is to change the engagement model with our subsidiaries whereby we drive their performance in much closer manner than we had done it in past.

The intended merger which is currently in the process of due diligence between Jordan Kuwait Bank and Bank Al Etihad. If the due diligence proves that this is a transaction worth going with, then the merger of JKB with Bank Al Etihad would create the second largest bank in Jordan. The intended rationale of this is to enhance the positioning, liquidity and value proposition of this investment. But, it is subject to financial, legal and strategic due diligence which both the respective banks are undergoing at the moment. So currently there are no decisions, if there is any development of material nature, in accordance with our disclosure and transparency guidelines, we will make the appropriate disclosures.

Abhishek Shukla: As you mentioned you want to reduce your leverage or the liquid liability side, but do you have any number in terms of any ratio like LTV or anything which we should just keep in mind.

Sunny Bhatia: Although we do not give any guidance on the LTV ratio, but our target would be to keep this ratio below 50%. Our rating agency's expectation for our current rating level is that it should be around 45%. Our rating reports which are in the public domain provide some guidance on the expected LTV ratios. We remain committed to work by making the LTV as low as possible, by working on both sides, deleveraging, but at the same time improving the investment portfolio.

Abhishek Shukla: OK, sure. Thank you. Thanks a lot.

Moderator: We will take our next question from Rakesh Tripathi.

Rakesh Tripathi: Please confirm whether the US$ 50m cash infusion that was supposed to happen in the combined OSN+ and Angami entity has already happened or is that planned for this quarter?

Could you give a sense of any budgeted cash infusions in other operating entities for the year 2024?

Could you confirm if the LTV ratio which I believe was in the 40-45% range at the end of last year, is still in the same range? Also is maintaining it under 50% a fair target? I believe when the GIG stake sale was announced, there were talks of bringing this ratio much closer to 35% kind of levels. So, has that internal objective been modified now? Are you seeing any opportunities to deploy cash elsewhere, which might be driving the decision to keep the LTV higher for longer?

Sunny Bhatia: As far as the injections in our various companies are concerned, we do not give any forward guidance on a specific number. You would have noticed we have been taking actions to reduce potential capital calls in our subsidiaries. Some examples are the transaction with Burgan Bank towards acquisition of 52% stake in Burgan Bank Turkey which released its CET 1 by around 200 basis points. The second transaction is Angami and OSN+ which is expected to be bringing forward the EBITDA stabilization of the OSN business than if it were standalone. We expect the need for capital injections by our companies to be lower than what it was in the previous periods, but we will not be in a position to give any specific guidance on this.

We are on track with respect to deleveraging as a result of the proceeds of the GIG stake sale. The cash was used to repay our most expensive debt, and US$ 165m part of the GIG proceeds is yet to be received which is earmarked for settlement of the bond, which is due in December 2024.

For a company like us, which is at the stage of enhancing the value of its various businesses and strengthening the portfolio value, 50% or below appears reasonable. We continue to look for the opportunities in healthcare, education and recapitalize the companies to take them to the growth phase wherever needed, ensure that their capital structures not only meet the minimum regulatory capital requirement, but also have sufficient headroom to grow and strengthen and improve their positioning.

Having said that, you would have noticed that our aim is to minimize capital injection at our end. For example, the transaction in November 2022 of the KIPCO QPIC merger was completely equity financed.

Rakesh Tripathi: Thank you. If you could confirm whether the current LTV, the way rating agency look at it, would be still closer to the 2023 year-end kind of levels or below that?

Sunny Bhatia: We do not disclose the LTV, but the rating agencies would provide their assessment of LTV as and when they update it. Currently we are rated by Fitch and Moody's.

Moderator: We will take our next question from Dmitry.

Dmitry Ivanov: Could you please confirm my understanding of the key inflows at parent level during Q1 2024. You mentioned that net proceeds from GIG monetization was US$ 295m for 69% parent proportion and US$ 30m in dividends was received during the quarter. Also, you previously mentioned that around US$ 15m proceeds was expected from the sale of UOP to NAPESCO.

Moustapha Chami: The first two items you mentioned are correct. Inflows from the UOP deal were recognized in the last quarter of 2023.

Dmitry Ivanov: Other than the usual outflows during the quarter toward interest expenses and G&A, were there any other material items like outflows towards any acquisition etc.?

Moustapha Chami: We have given lot of information during the call. You can add to that US$ 38m towards OSN+ and Anghami injection.

Dmitry Ivanov: The cash position was kind of just below US$ 600m this quarter which would go down towards outflows etc. Do you have any minimum comfortable level of cash position at the parent level?

Sunny Bhatia: As a matter of principle, we want to cover the less than one-year dues. Usually, we have at least six months of opex including interest expense and the maturities for the next 12 months.

Moderator: We have got a few questions from the Q&A box. Can you please clarify the amount of down payment received from GIG and the date of the upcoming instalments?

Sunny Bhatia: We have covered GIG in detail in this call. So, this should get covered in that.

Moderator: We move to the next question. Any plan to sell any subsidiary in the coming year or two?

Sunny Bhatia: As an investment holding company, our investment teams are always looking at new investment opportunities and potential exits. There are various reasons whereby we may be looking at new investments or divestments. But as we said earlier, we cannot specifically discuss what are the specific transactions we are looking at.

Moderator: We have another question from Zafar. Can you please let us know how much cash was injected in total in all your operating subsidiaries in Q1 2024?

Sunny Bhatia: You can look at our cash flows from the investing activities as disclosed in our financial information to gather this information.

Moderator: Another question from Zafar. What is the average cost of borrowing from your relationship banks in Kuwait?

Sunny Bhatia: We deal with multiple bilateral banks and from a competition point of view, it won't be appropriate to disclose our spread. The market is liquid. It is fairly competitive as we take full advantage of our competitive positioning while negotiating the bilateral pricing with our banks. We have relationships not only with Kuwaiti banks but also regional banks.

Moderator: We have another question from Amanda Ghannam. Will there be no additional injection in Anghami in 2024?

Sunny Bhatia: We have given guidance on how we are working to reduce the capital needs of our companies through various strategic and tactical things. But specifically, we do not give forward guidance on the amount of cash to be injected in our subsidiaries.

Moderator: Another question. Can you please provide the details of the US$ 31m dividend. It seems that US$20 -21m came from SADAFCO. Where did the remaining come from?

Sunny Bhatia: It is from EQUATE.

Moderator: We have one last question from Amanda Ghannam. Do you plan to issue bonds in 2025?

Sunny Bhatia: Our first EMTN maturity is in October 2026. Although we have no specific plans as yet on the 2025 issuance but depending on the market conditions and our proactive liability management strategy, we might look at potential issuance ahead of maturities.

Moderator: I believe we have no further questions. So, this should end our call for today. I'd like to hand the call back to management for any closing remarks.

Eman Al Awadhi: Thank you, Ahmed. Thank you everyone for joining us. We look forward to seeing you in the next quarter. Have a great evening.