

# The Annual Report

Of the board of directors of

## Al Khaleej Training and Education

On the company's performance for the fiscal year  
ending on 31/12/2020

In The Name of Allah, Most Gracious, Most Merciful

**The board of directors' report to the shareholders of Al Khaleej Training and Education Company  
On the fiscal year ending on 31/12/2020**

**A message from the CEO**

The honorable ladies & gentlemen/ shareholders of Al Khaleej Training and Education Company,

May Allah's peace, mercy, and blessings be upon you,

I am pleased, on behalf of the board directors of Al Khaleej Training and Education Company to welcome you through this annual report of the board, which provides to the honorable shareholders of the company a report on the results and performance of the company for the fiscal year ending on 31 December 2020. The report reflects the most prominent achievements of the company during the said period in the fields of training, education, and call centers. The report also presents the company's performance, the annual, audited financial statements and their explanations, and the auditor's report on the same period. It also includes a full summary of the application of the Corporate Governance Regulations, information on the board directors and the committees emanating from the board, and the future goals and plans of all the sectors of the company.

The year 2020 has been a tough year for all due to the spread of the coronavirus (Covid-19) pandemic, which we pray to Allah to protect our dear KSA from its repercussions. One of our top priorities during that year was the safety of our employees and customers from this pandemic, as we took many precautionary and protective measures to protect our employees and valuable customers.

Despite the difficulties we had faced during the fiscal year 2020, we were able, with Allah's help, to overcome the difficulties, maintain the company's performance, and achieve good financial results, bypassing all the challenges we faced. This was achieved thanks to the efforts of the company's management and employees and the constant support of the honorable shareholders and board.

The company is paying constant attention to boosting the financial, human, and administrative resources to retain its distinguished position among the competing companies. This requires serious work to achieve the objectives and vision of the company through plans and strategies to enhance the company's performance and enhance its position in the markets.

The board would also like to stress that the company will continue to develop the systems, procedures, and controls to enhance the performance and develop the work environment by keeping up with the modern administrative and technical methods. The company will also continue enhancing the culture of institutional work and benefiting from the initiatives related to investment in various sectors, especially the training and education sector, offered by the 2030 Vision.

The board stresses that the company's management is seeking to promote the performance of the company until it achieves the targets of the company's plans and strategies, which aims at achieving constant development and good, satisfactory results to all the shareholders of the company.

This report has been prepared in accordance with the requirements of the Corporate Governance Regulations and the Registration and Listing Rules issued by the Capital Market Authority (CMA), the Saudi Companies Regulations, the company's articles of association, and the regulatory controls and procedures issued in implementation of the Companies Regulations for Listed, Joint-Stock Companies.

Finally, I would like to thank our customers and shareholders and appreciate their valuable confidence and constant support for us and for their positive role in supporting the company to make more efforts to achieve its objectives and vision.

I would also like to thank all the bodies licensing the company's activities, represented by the General Technical and Vocational Training Corporation, the Ministry of Education, the Ministry of Trade and Industry, the CMA, the Capital Market Company (Tadawul), and all the relevant bodies for their cooperation and constant encouragement to us. I would like to thank in particular the executive management and all the company's employees for their sincere efforts, which resulted in the progress and prosperity of the company.

We pray to Allah to endow the blessings of safety and security on our dear country.

Chairman of the Board of Directors

Abdulaziz bin Hammad Al-Blaihid

#### 1- The applied provisions of the Governance Regulations issued by the CMA, the non-applied provisions, and the reasons for non-application.

Al Khaleej Training and Education Company applies all the mandatory provisions stipulated in the Corporate Governance Regulations issued by the CMA on 16/5/1438 AH, corresponding to 13/2/2017, amended by the CMA Board Resolution No. 3-45-2018, dated 7/8/1439 AH, corresponding to 23/4/2018, except for some of the guiding provisions, as shown below:-

Article no.	Paragraph no.	Text of the article/paragraph	Reasons for non-application
Article 20	Paragraph C Clause 10	<b>Issues affecting independence</b> c) By way of example, the following negate the independence requirement for an independent director: 10. If he/she serves more than nine years, consecutive or inconsecutive, as a director of the board of the company.	This clause has not been applied since the board has been formed before the article has become mandatory. The clause, however, has been taken into account in the current mandate of the Board in 2021.
Article 39	Paragraph 1:2	<b>Training</b> The company shall pay adequate attention to the training and preparation of the directors of the board and the executive management and shall develop the necessary programs required for the same, taking the following into account:	This clause has not been applied since it is for guiding purposes only, but it will be considered in the future.

		<p>1. Preparing programs for the recently appointed directors of the board and executive management to familiarize them with the progress of the company's business and activities, particularly the following:</p> <ol style="list-style-type: none"> <li>a. The strategy and objectives of the company.</li> <li>b. The financial and operational aspects of the company's activities.</li> <li>c. The obligations of the directors of the board and their duties, responsibilities, and rights.</li> <li>d. The duties and competencies of the committees of the board.</li> </ol> <p>2. Developing the necessary mechanisms for the directors of the board and the executive management to enroll continuously in training programs and courses.</p>	
Article 41	Paragraph e,f	<p><b>Assessment</b></p> <p>e) The board shall make the necessary arrangements to obtain an assessment of its performance from a competent third party every three years.</p> <p>f) Non-executive directors shall carry out a periodic assessment of the performance of the chairman of the board after seeking the opinions of the executive directors. The chairman of the board shall not be present during the discussions of this matter, provided that the weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the company.</p>	This clause has not been applied since it is for guiding purposes only, but it will be considered in the future.
Article 54	Paragraph b	<p><b>Audit Committee formation</b></p> <p>b) The chairman of the Audit Committee shall be an independent director.</p>	This clause has not been applied since it is for guiding purposes only, but it has been considered in the current mandate of the board 2021.
Article 70	.	<p><b>Composition of the Risk Management Committee</b></p> <p>The company's board shall form, by resolution therefrom, a committee to be named the "Risk Management Committee." Chairman and majority of the members thereof shall be non-executive directors. The members of that committee shall possess an adequate level of knowledge of risk management and financial affairs.</p>	This clause has not been applied since it is for guiding purposes only, but it will be considered in the future.
Article 71	Paragraph 1:12	<p><b>Competencies of the Risk Management Committee</b></p> <p>The competencies of the Risk Management Committee shall include the following:</p> <ol style="list-style-type: none"> <li>1. Developing a strategy and comprehensive policies for risk management that are consistent with the nature and volume of the company's activities.</li> <li>2. Determining and maintaining an acceptable level of risk that may be faced by the company and ensuring that the company does not go beyond such level.</li> <li>3. Ensuring the feasibility of the company's continuation, the successful continuity of its activities, and determining the risks that threaten its existence during the following twelve months.</li> <li>4. Overseeing the company's risk management system and assessing the effectiveness of the systems and mechanisms for determining and monitoring the risks that threaten the company.</li> <li>5. Regularly reassessing the company's risk tolerance and risk exposure (for example, through stress tests).</li> <li>6. Preparing detailed reports on the risk exposure and the recommended measures to manage such risks and submitting them to the board.</li> <li>7. Submitting recommendations to the board on matters related to risk management.</li> <li>8. Ensuring the availability of adequate resources and systems for risk management.</li> <li>9. Reviewing the organizational structure for risk management and providing recommendations regarding the same before the approval of the board.</li> <li>10. Verifying the independence of the risk management employees from activities that may expose the company to risk.</li> <li>11. Ensuring that the risk management employees understand the risks threatening the company and raising the awareness of the culture of risk.</li> <li>12. Reviewing any issues raised by the Audit Committee that may affect the company's risk management.</li> </ol>	This clause has not been applied since it is for guiding purposes only, but it will be considered in the future.
Article 72	.	<p><b>Meetings of the Risk Management Committee</b></p> <p>The risk management committee shall convene periodically at least once every (six months) and whenever necessary.</p>	This clause has not been applied since it is for guiding purposes only, but it will be considered in the future.
Article 85	Paragraph 1:3	<p><b>Employees' incentives</b></p> <p>The company shall establish programs for developing and encouraging the participation and performance of the company's employees. The programs shall particularly include the following:</p>	This clause has not been applied since it is for guiding purposes only,

		<ol style="list-style-type: none"> <li>1. Forming committees or holding specialized workshops to hear the opinions of the company's employees and discuss the issues and topics that are subject to important decisions.</li> <li>2. Establishing a scheme for granting company shares or dividends and pension programs for employees and setting up an independent fund for such program.</li> <li>3. Establishing social organizations for the benefit of the company's employees.</li> </ol>	but it will be considered in the future.
Article 87	.	<b>Social responsibility</b> The ordinary general assembly, based on the board recommendation, shall establish a policy that guarantees a balance between its objectives and those of the community for purposes of developing the social and economic conditions of the community.	This clause has not been applied since it is for guiding purposes only, but it will be considered in the future.
Article 88	Paragraph 1:4	<b>Social work initiatives</b> The board shall establish programs and determine the necessary methods for proposing social initiatives by the company, which include: <ol style="list-style-type: none"> <li>1. Establishing indicators that link the company's performance with its social initiatives and comparing it with other companies that engage in similar activities.</li> <li>2. Disclosing the objectives of the company's social responsibility to its employees and raising their awareness and knowledge of social responsibility.</li> <li>3. Disclosing plans for achieving social responsibility in the periodical reports on the activities of the company.</li> <li>4. Establishing awareness programs to the community to familiarize it with the company's social responsibility.</li> </ol>	This clause has not been applied since it is for guiding purposes only, but it will be considered in the future.
Article 95	.	<b>Formation of the Corporate Governance Committee</b> If the board forms a Corporate Governance Committee, it shall assign to it the competencies stipulated in Article (94) of these regulations. Such committee shall oversee any matters relating to the implementation of governance and shall provide the board with reports and recommendations at least annually.	This clause has not been applied since it is for guiding purposes only, but it will be considered in the future.

- **The company's commitment to the governance regulations:**

The company has been careful to adhere fully to the rules of corporate governance. The board has set up, in this regards, a corporate governance system in the company, in line with the provisions of the Corporate Governance Regulations issued by the CMA, dated 16/5/1438 AH, corresponding to 13/2/2017. The system includes the rules and standards governing the management of the company and ensures the protection of the rights of the shareholders and stakeholders. The company, therefore, has approved its own governance regulations and policies through the board and the general assembly of shareholders, in accordance with the Companies Law and the CMA's regulations and instructions. Upon the issuance of the CMA's decision No. 3-45-2018, dated 7/8/1439 AH, corresponding to 23/4/2018, amending some articles of the Corporate Governance Regulations, the company has updated its own corporate governance regulations to comply with the amended Corporate Governance Regulations, dated 23/4/2018. Based on the above-mentioned, the board has established policies and procedures that ensure the company's compliance with the rules and regulations and commitment to the disclosure of the material information to the shareholders, creditors, and other stakeholders. In accordance with the Corporate Governance Regulations and the text of Article 94 of the Corporate Governance Regulations issued by the CMA, the company has complied with the all the paragraphs and clauses of the binding articles of the Governance Regulations as follows:

- **The rights of shareholders and the general assembly:** The company has been keen to allow all shareholders to exercise their statutory rights to obtain dividends or a share of the company's assets, in the event of liquidation. They have been allowed to attend shareholders' assemblies, participate in their deliberations, vote on their decisions, dispose of shares, monitor the work of the board, file liability lawsuits against board directors, and request information that does not harm the company or contravene with the capital market system and its implementing regulations.
- **Shareholders' access to information:** The company makes all information fully accessible to all shareholders, without discrimination, in accordance with the policies of disclosure of major developments, financial data, and

performance reports, in accordance with the legal requirements, applicable regulations, and instructions received from the competent authorities, to enable the shareholders to fully exercise their rights. Such information has always been complete, accurate, and regularly updated on the specified dates on the Saudi Stock Exchange's (Tadawul) website, the company's website, and daily newspapers.

- Risk management:** The company regards risk management as part and parcel of the activities and decision making process. The company realizes the importance of the effective role of risk management in achieving its current and future success. The company is seeking to strike an acceptable balance between risks and profits, while striving to achieve its vision. Risk management is a vital part of the company's internal control functions and its governance arrangements. One of the benefits of risk management is that it has a logical, systematic method to contextualize, identify, analyze, evaluate, address, monitor, and report risks in a manner that allows the company to make appropriate decisions and respond in a timely manner to risks as they arise.
  - Policies and procedures related to disclosure and transparency:** The disclosure and transparency policies are part and parcel of the company's Corporate Governance Regulation. The board has established written policies and procedures regarding disclosure and transparency, which ensure fairness while providing the appropriate information on the appropriate time to investors to help them make investment decisions based on correct, complete information. Such policies also ensure that the information is not leaked to some investors while not reaching others. The company is committed to the policies and procedures established by the board, based on the relevant systems, the instructions received from the CMA, and the competent authorities, in order to enhance the level of disclosure and transparency. Al Khaleej Training and Education Company posts the quarterly and annual financial results on the Saudi Stock Exchange's (Tadawul) website during the statutory periods of publication and on the company's website. The company also publishes all the information related to the statutory disclosures or major developments in a timely manner. The company is always working to enhance the level of disclosure through the nature, type, and timing of information disclosed, while continuing to enrich the company's website with all the information that might help all stakeholders acquaint with the company's activities and the developments of its works, to make successful investment decisions.
- The following is a statement of the company's disclosures on the Saudi Stock Exchange's (Tadawul) website and the company's website in 2020.**

Date	Event
16 March 2020	Al Khaleej Training and Education announces the procedures taken in response to the official precautionary decisions to control the coronavirus
25 March 2020	Al Khaleej Training and Education announces the annual, financial results ending on 31-12-2019
26 March 2020	Al Khaleej Training and Education announces the distribution of cash dividends to the shareholders for the fiscal year 2019.
09 April 2020	Al Khaleej Training and Education announces the impact of the precautionary measures to prevent and control coronavirus on its works.
09 April 2020	The board of directors of Al Khaleej Training and Education Company is pleased to invite the honorable shareholders to attend the ordinary general assembly meeting (first meeting)
26 April 2020	Al Khaleej Training and Education Company announces to the shareholders the start date of electronic voting on the agenda of the ordinary general assembly meeting (first meeting)
06 May 2020	Al Khaleej Training and Education Company announces the results of the ordinary general assembly meeting (first meeting)
13 May 2020	Al Khaleej Training and Education Company announces the date and mechanism of distributing the cash dividends to the shareholders for the year 2019

20 May 2020	Al Khaleej Training and Education Company announces the interim financial results for the period ending on 31-03-2020 (three months)
05 July 2020	Al-Khaleej Training and Education Company announces the signing of an MoU with jh Company Ltd. (L.L.C.)
09 August 2020	Al Khaleej Training and Education Company announces the signing of a non-binding MoU with Alkhabeer Capital Company
20 August 2020	Al Khaleej Training and Education Company announces the company's management decision to offer discounts on tuition fees of the first term of the next academic year 2020/2021 for all male and female students in various grades
23 August 2020	Al Khaleej Training and Education Company announces the interim financial results for the period ending on 30-06-2020 (six months)
15 September 2020	Al Khaleej Training and Education Company announces the signing of a contract with the Saudi Electricity Company
16 September 2020	Al Khaleej Training and Education Company announces the opening of board nominations for the upcoming mandate
01 October 2020	Addendum announcement by Al Khaleej Training and Education Company regarding the signing of an MoU with Al-Roqi National Schools Company Ltd. (L.L.C.)
26 October 2020	The board of directors of Al Khaleej Training and Education Company is pleased to invite the honorable shareholders to attend the ordinary general assembly meeting (first meeting)
03 November 2020	Al Khaleej Training and Education Company announces the latest developments regarding the non-binding MoU signed with Alkhabeer Capital Company
08 November 2020	Al Khaleej Training and Education Company announces the interim financial results for the period ending on 30-09-2020 (nine months)
24 November 2020	Al-Khaleej Training and Education Company announces the signing of a binding MoU with Al-Roqi National Schools Company Ltd. (L.L.C.)
13 December 2020	Al Khaleej Training and Education Company announces to the shareholders the start date of electronic voting on the agenda of the ordinary general assembly meeting (first meeting)
22 December 2020	Al Khaleej Training and Education Company announces the results of the ordinary general assembly meeting (first meeting)
24 December 2020	Al Khaleej Training and Education Company announces the latest developments regarding the binding MoU signed with Al-Roqi National Schools Company Ltd. (L.L.C.)

2- Names of the board directors, members of committees, and executive management and their current and previous positions, qualifications, and experience.

1. Directors of the board					
	Name of director	Current position	Previous position	Qualifications	Experience
١	Mr. / Abdulaziz bin Hammad Al-Blaihid	Board Chairman Al Khaleej Training and Education	General Manager Saudi Central Bank	Bachelor of Science in Banking and Finance University of Arkansas-USA	51 years of experience in the field of administration, finance, business administration, training, and IT
٢	Mr. / Abdualziz bin Rashid Al-Rashed	Board Chairman AlRashed & Sons Group	Board Director Banque Saudi Fransi	Bachelor of Business Administration Warner Pacific University-USA	48 years of experience in investment management
٣	Mr. / Ahmed bin Ali Ahmed Al-Shadwi	President and CEO Al-Falak Electronic Equipment and Supplies Company	President of the Chamber of Commerce and Industry in Al-Baha	Bachelor of Science in Information Systems Michigan University-USA	48 years of experience in the field of information and communication systems and the establishment and management of companies
٤	Mr. / Ahmed bin Mohamed Salem Al-Sirri	Board Chairman Trem Projects Company for Investment	President of Al-Khaleej Computers and Electronic Systems	Bachelor of Engineering-Chemistry Texas University-USA	50 years of experience in the field of IT, telecommunications, and investment
٥	Dr. / Abdulaziz bin Abdul Rahman Al-Qwaiz	Retired	Board Chairman International Diol Company	PhD in Physical Chemistry California University-USA	41 years of experience in the field of business administration and investment
٦	Mr. / Abdulaziz bin Abdul Rahman Al-Raqtan	Board Chairman Abdulaziz Al Raqtan & Partners Company	Dean of Students Affairs King Fahd University	Master of international relations	48 years of experience in the field of business administration and investment
٧	Eng. / Abdul Mohsen bin Abdul Aziz Al-Yahya	Executive partner Koala Limited Company	CEO Kudo Company	Bachelor of Civil Engineering, King Saud University-Riyadh	33 years of experience in the field of civil engineering, business administration, and investment
٨	Eng. / Al-Walid bin Abdul Razzaq Al-Duraian	Managing Director of the Board Al Khaleej Training and Education	General Manager Al-Khaleej Computers and Electronic Systems	Masters of electrical engineering Wisconsin University-USA	37 years of experience in the field of business administration, training, education, and IT



## 2. Members of committees

Nomination and Remuneration Committee					
	Name of member	Current position	Previous position	Qualifications	Experience
١	Mr. / Abdulaziz bin Abdul Rahman Al-Raqtan	Board Chairman Abdulaziz Al Raqtan & Partners Company	Dean of Students Affairs King Fahd University	Master of international relations	48 years of experience in the field of business administration and investment
٢	Mr. / Abdualziz bin Rashid Al-Rashed	Board Chairman AlRashed & Sons Group	Board Director Banque Saudi Fransi	Bachelor of Business Administration Warner Pacific University-USA	48 years of experience in investment management
٣	Eng. / Abdul Mohsen bin Abdul Aziz Al-Yahya	Executive partner Koala Limited Company	CEO Kudo Company	Bachelor of Civil Engineering, King Saud University-Riyadh	33 years of experience in the field of civil engineering, business administration, and investment

Audit Committee					
	Name of member	Current position	Previous position	Qualifications	Experience
١	Mr. / Ahmed bin Mohamed Salem Al-Sirri	Board Chairman Trem Projects Company for Investment	President of Al-Khaleej Computers and Electronic Systems	Bachelor of Engineering-Chemistry Texas University-USA	50 years of experience in the field of IT, telecommunications, and investment
٢	Mr. / Ahmed bin Ali Ahmed Al-Shadwi	President and CEO Al-Falak Electronic Equipment and Supplies Company	President of the Chamber of Commerce and Industry in Al-Baha	Bachelor of Science in Information Systems Michigan University-USA	48 years of experience in the field of information and communication systems and the establishment and management of companies
٣	Mr. / Lotfi Qassem Ahmed Shehadeh	Audit Manager Audit and financial consulting	Audit Manager Audit and financial consulting	Bachelor of accounting and business administration	48 years of experience in the field of financial accounting and auditing

## 3. Executive management

	Name of member	Current position	Previous position	Qualifications	Experience
١	Eng. / Al-Walid bin Abdul Razzaq Al-Duraian	Managing Director of the Board Al Khaleej Training and Education	General Manager Al-Khaleej Computers and Electronic Systems	Master of electrical engineering Wisconsin University-USA	37 years of experience in the field of business administration, training, education, and IT
٢	Dr. / Hatem bin Abdul Razzaq Al-Duraian	Deputy CEO	Senior Vice President Training sector	PhD in business administration	34 years of experience in the field of training and technology
٣	Dr. / Khalid bin Saeed Jaari Al-Ghamdi	Senior Vice President Education sector	General Manager National and foreign education Ministry of Education	PhD in educational administration	33 years of experience in the field of national, foreign, and university education
٤	Mr. / Safwan Mahmoud Al-Khatib	Senior Vice President Call centers sector	General Manager Call centers unit	Bachelor of computer engineering	25 years of experience in the field of telecommunications and computer
٥	Mr. / Ismail Ahmed Al Hussein	Senior Vice President Training sector	Vice President Training sector	Bachelor of computing	24 years of experience in the field of training
٦	Mr. / Mohamed Faisal Atthar Hasan Siddiqui	CFO	Deputy CFO	Master of science in accounting and finance	25 years of experience in the field of financial accounting and auditing

3- Names of companies inside and outside the KSA, which a director or a manager is a member of their board, currently or previously.

No.	Name of member	Names of companies director is a current member of board or one of managers	Inside/ outside KSA	Legal entity	Names of companies director is a previous member of board or one of managers	Inside /outside KSA	Legal entity
١	Mr. / Abdulaziz bin Hammad Al-Blaihid	Al-Falak Electronic Equipment and Supplies Company	Inside	Not listed	N/A	—	—
		AL-ENAYAH MEDICAL EST for TRADE	Inside	Not listed			
		Al-Khaleej Computers and Electronic Systems	Inside	L.L.C.			
٢	Mr. / Abdualziz bin Rashid Al-Rashed	AL-ENAYAH MEDICAL EST for TRADE	Inside	Not listed	Banque Saudi Fransi	Inside	Listed
		Al-Falak Electronic Equipment and Supplies Company	Inside	Not listed	Alshifa Medical Syringe Manufacturing Company	Inside	Not listed
٣	Mr. / Ahmed bin Ali Ahmed Al-Shadwi	Gulf Union Cooperative Insurance Co.	Inside	Listed	Manpower Services Co.	Inside	Not listed
		Al-Falak Electronic Equipment and Supplies Company	Inside	Not listed			
		AlFalak Manpower Services Co.	Inside	Not listed			
		AL-ENAYAH MEDICAL EST for TRADE	Inside	Not listed			
		Saudi Consolidated Contracting Company (SCCC)	Inside	Not listed			
		Dhahran Emaar Company	Inside	Not listed			
		Al-Baha Development Co.	Inside	Not listed			
٤	Mr. / Ahmed bin Mohamed Salem Al-Sirri	Saudi Company for Hardware (SACO)	Inside	Listed	Banque Saudi Fransi	Inside	Listed
		Malaz Capital Company	Inside	Not listed			
		AL-ENAYAH MEDICAL EST for TRADE	Inside	Not listed	Salama Insurance Company	Inside	Listed
		Al-Falak Electronic Equipment and Supplies Company	Inside	Not listed			
		AlFalak Manpower Services Co.	Inside	Not listed			
٥	Dr. / Abdulaziz bin Abdul Rahman Al-Qwaiz	N/A	—	—	Saudi International Petrochemical Company (Sipchem)	Inside	Listed
٦	Mr. / Abdulaziz bin Abdul Rahman Al-Raqtan	N/A	Inside	Listed	Gulf Union Cooperative Insurance Co.	—	—
٧	Eng. / Abdul Mohsen bin Abdul Aziz Al-Yahya	N/A	Inside	Listed	Saudi Airlines Catering	Inside	L.L.C.
٨	Eng. / Al-Walid bin Abdul Razzaq Al-Duraian	Arabian Cement Company	Inside	Listed	N/A	—	—
		Allianz Saudi Fransi Insurance Company	Inside	Listed			
		Malaz Capital Company	Inside	Not listed			
		AL-ENAYAH MEDICAL EST for TRADE	Inside	Not listed			

#### 4- Board's composition and classification of directors:-

No.	Name of director	Position	Classification
١	Mr. / Abdulaziz bin Hammad Al-Blaihid	Board Chairman	Non-executive
٢	Mr. / Abdulaziz bin Rashid Abdul Rahman Al-Rashed	Deputy Board Chairman	Non-executive
٣	Mr. / Ahmed bin Ali Ahmed Al-Shadwi	Director	Non-executive
٤	Mr. / Ahmed bin Mohamed Salem Al-Sirri	Director	Non-executive
٥	Dr. / Abdulaziz bin Abdul Rahman Al-Qwaiz	Director	Independent
٦	Mr. / Abdulaziz bin Abdul Rahman Al-Raqtan	Director	Independent
٧	Eng. / Abdul Mohsen bin Abdul Aziz Al-Yahya	Director	Independent
٨	Eng. / Al-Walid bin Abdul Razzaq Saleh Al-Duraian	Boar Managing Director	Executive

#### 5- Procedures taken by the board to inform the directors (in particular non-executives) about the shareholders' recommendations and remarks about the company and its performance.

The board of directors has not received any remarks from the shareholders regarding the company and its performance. The board always makes sure that the majority of the directors, especially non-executives, attend the general assembly meetings to listen to the shareholders' questions, inquiries, and recommendations regarding the company and its performance, respond to them, and document them in the minutes of the assemblies.

#### 6- Brief description of the competencies and tasks of the main committees of the board.

First: Nomination and Remuneration Committee				
Brief description of the competencies and tasks of the committee:				
1. On annual basis, reviewing the required skills for membership of the board and preparing a description of the capabilities and qualifications required for membership.				
2. Reviewing the structure of the board and submitting proposals of the possible changes.				
3. Defining the weaknesses and strengths of the board and proposing remedies, in accordance with the company's interests.				
4. On annual basis, ensuring the independence of the independent directors and that there is no conflict of interests if a director is a board director of another company.				
5- Establishing clear compensation and remuneration policies for the directors of the board and senior executives.				
No.	Names of Nomination and Remuneration Committee members	Type of membership	Number of meetings, their dates, and attendance record	
			First	Second
			25/03/2020	21/12/2020
١	Mr. / Abdulaziz bin Abdul Rahman Saad Al-Raqtan	Committee Chairman	١	١
٢	Mr. / Abdulaziz bin Rashid Abdul Rahman Al-Rashed	Member	١	١
٣	Eng. / Abdul Mohsen bin Abdul Aziz Al-Yahya	Member	١	١
<input type="checkbox"/> - Attended in person <input checked="" type="checkbox"/> - Attended by delegating another board director <input type="checkbox"/> - Attended by phone/means of modern technology              X – Did not attend				

Second: Audit Committee								
Brief description of the competencies and tasks of the committee:								
1. Supervising the Internal Audit Department of the company. 2. Reviewing the internal control system and submitting a written report reflecting the committee's opinion and recommendations. 3. Reviewing the internal audit reports. 4. Following up on the works of the chartered accountants. 5. Reviewing the audit plan with the chartered accountant. 6. Reviewing the adopted accounting policies and submitting the committee's opinion and recommendations regarding them. 7. Reviewing the interim and annual financial statements before submitting them to the board of directors and submitting the committee's opinion and recommendation regarding them. 8. Reviewing the remarks of the chartered accountant regarding the financial statements and following up on what has been done about them.								
No.	Names of Audit Committee members	Type of membership	Number of meetings, their dates, and attendance record					
			First	Second	Third	Fourth	Fifth	
			24/02/2020	25/03/2020	20/05/2020	23/08/2020	08/11/2020	
١	Mr. / Ahmed bin Mohamed Salem Al-Sirri	Committee Chairman	√	)	)	)	)	)
٢	Mr. / Ahmed bin Ali Ahmed Al-Shadwi	Member	)	)	)	)	)	)
٣	Mr. / Lotfi Qassem Ahmed Shehadeh	Member	√	)	)	)	)	)
- √ Attended in person <input checked="" type="checkbox"/> - Attended by delegating another board director              ) - Attended by phone/means of modern technology              X – Did not attend								

#### 7- Methods used by the board of directors to evaluate its performance and the performance of its committees and directors and the third party that carried out the evaluation.

**Completely not applicable.** The process of evaluating the performance of the board of directors, its committees, and directors is carried out according to the evaluation form proposed by the Nomination and Remuneration Committee and approved by the board of directors of the company. The form came into effect starting from 2018. The directors of the board take part in the evaluation process by expressing their opinions on the performance of the board and its committees. The results are then analyzed by the Governance Department, under the supervision of the Nomination and Remuneration Committee. Finally, the evaluation results are submitted to the board of directors for perusal. No third party has been hired for the evaluation process up to this moment.

#### 8- Disclosure of the remunerations of board directors and senior executives for the year 2020

a. The remunerations of the board directors and executive management of the company are defined based on the policies of remuneration for the board, its committees, and executive management approved by the general assembly of shareholders on 22/11/2017. The policies have been set up in accordance with the provisions of the Companies Regulations, CMA Regulations, and the company's articles of association. The remuneration policies take into account being fair and proportionate to the competencies, works, and responsibilities of the directors. The remuneration policies also consider the company's activity, size, and the required skills to manage it and the experience of the directors. The remunerations are also consistent with the company's strategy and objectives and are reasonably sufficient to attract, motivate, and retain board directors with appropriate competence and experience. The remunerations are also offered with the purpose of encouraging the board directors and the

executive management to make the company successful and develop it on the long run, taking into consideration the practices of other companies and the prevalent practices in the labor market in defining the remunerations.

- b. Disclosure regarding the remunerations of the board directors and executive management is made accurately, transparently, and in details, directly or indirectly, without cover up or deception. This includes sums, benefits, or advantages, whatever their nature or name is. According to the text of Article 21 of the articles of association of the company, the board report to the ordinary general assembly should include a comprehensive statement of all remunerations, expenses, allowances, and other benefits the board directors obtain during the fiscal year and any other benefits, regardless of their nature.
- c. The remunerations of the board directors and executive management is defined according to the applicable remuneration policies of the company, to ensure that there is no material deviation from the terms and condition of annual entitlements stipulated in those policies while defining such remunerations. The board defines the remunerations of the board directors based on the recommendation of the Nomination and Remuneration Committee, which takes into account while defining the remuneration all the regulations and circulars issued by the competent authorities in this regard, in a manner that does not contravene with the applicable remuneration policies of the company. Such recommendation is subject to the approval of the general assembly of shareholders.
- d. All the details of remunerations and compensations disbursed to the board directors, five of the senior executives, and committee members during the fiscal year ending on 31/12/2020 will be detailed in the following tables. In all cases, the total amount of remunerations and financial and in-kind benefits that a single board director receives does not exceed the amount of (500,000) five hundred thousand Saudi riyals annually, according to Article 76 of the Companies Regulations.

**The following tables detail all the remunerations disbursed to:**

1. **Directors of the board.**
2. **Senior executives.**
3. **Members of the committees.**

**First: Board directors' remunerations**

	Name of directors	Fixed remunerations						Variable remunerations						End of service	Total amount	Expenses allowance
		Fixed amount (annual remuneration)	Allowance for attending board meetings	Total of allowance for attending	In kind benefits	Technical, administrative, and consulting works remuneration	Remuneration of the Chairman, Managing Director and Executive Director	Total	Shares granted	Regular remuneration	Short-term incentive plans	Long-term incentive plans	Shares granted (enter value)			
Independent directors	Name	Thousand riyals	Thousand riyals				Thousand riyals								Thousand riyals	Thousand riyals
	Dr. / Abdulaziz bin Abdul Rahman Al-Qwaiz	١٠٠	12	-	-	-	112	-	-	-	-	-	-	-	112	
	Mr. / Abdulaziz bin Abdul Rahman Al-Raqtan	١٠٠	12	-	-	-	112	-	-	-	-	-	-	-	112	
	Eng. / Abdul Mohsen bin Abdul Aziz Al-Yahya	١٠٠	12	-	-	-	112	-	-	-	-	-	-	-	112	
	<b>Total</b>	<b>٣٠٠</b>	<b>36</b>				<b>336</b>								<b>336</b>	
Non-executive directors	Name	Thousand riyals	Thousand riyals				Thousand riyals								Thousand riyals	Thousand riyals
	Mr. / Abdulaziz bin Hammad Nasser Al-Blaihid	٢٠٠	١٢	-	-	-	٢١٢	-	-	-	-	-	-	-	٢١٢	
	Mr. / Abdulaziz bin Rashid Abdul Rahman Al-Rashed	١٠٠	12	-	-	-	112	-	-	-	-	-	-	-	112	
	Mr. / Ahmed bin Ali Ahmed Al-Shadwi	١٠٠	12	-	-	-	112	-	-	-	-	-	-	-	112	
	Mr. / Ahmed bin Mohamed Salem Al-Sirri	١٠٠	١٢	-	-	-	١١٢	-	-	-	-	-	-	-	١١٢	
	<b>Total</b>	<b>٥٠٠</b>	<b>48</b>				<b>548</b>								<b>548</b>	
Executive	Name	Thousand riyals	Thousand riyals				Thousand riyals								Thousand riyals	Thousand riyals
	Eng. / Al-Walid bin Abdul Razzaq Saleh Al-Duraian	١٠٠	١٢	-	-	-	١١٢	-	-	-	-	-	-	-	١١٢	
	<b>Total</b>	<b>١٠٠</b>	<b>١٢</b>				<b>١١٢</b>								<b>١١٢</b>	

**Second: Senior executives' remunerations**

Senior executive positions	Fixed remunerations				Variable remunerations						End of service gratuity	Total of executive remuneration for the	Total amount	
	Wages	Allowances	In kind benefits	Total	Periodic bonuses	Profits	Short-term	Long-term	Shares granted	Total				
Name	Thousand riyals	Thousand riyals		Thousand riyals		Thousand riyals								Thousand riyals
Senior executives	5823.6	1592.2	-	7415.8	-	2100	-	-	-	-	-	-	-	9515.8
<b>Total</b>	<b>5823.6</b>	<b>1592.2</b>	<b>-</b>	<b>7415.8</b>	<b>-</b>	<b>2100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9515.8</b>

**Third: Committees members' remunerations**

Committee	Name of members	Fixed remunerations (Excluding allowance for attending board meetings)	Attending board meetings allowance	Total
Audit Committee members	Name	Thousand riyals	Thousand riyals	Thousand riyals
	Mr. / Ahmed bin Mohamed Salem Al-Sirri	-	7.5	7.5
	Mr. / Ahmed bin Ali Ahmed Al-Shadwi	-	7.5	7.5
	Mr. / Lotfi Qassem Ahmed Shehadeh	٦٠	١5	75
	<b>Total</b>	<b>٦٠</b>	<b>30</b>	<b>90</b>
Nomination and Remuneration Committee members	Name	Thousand riyals	Thousand riyals	Thousand riyals
	Mr. / Abdulaziz bin Abdul Rahman Saad Al-Raqtan	-	3	3
	Mr. / Abdulziz bin Rashid Abdul Rahman Al-Rashed	-	3	3
	Eng. / Abdul Mohsen bin Abdul Aziz Al-Yahya	-	3	3
	<b>Total</b>	<b>٠</b>	<b>9</b>	<b>9</b>

**9- Sanctions and penalties imposed on the company.**

There is no penalty, sanction, precautionary measure, or precautionary restriction imposed on the company by the CMA or any other supervisory, regulatory, or judicial authority.

**10- The results of the annual review of the effectiveness of the internal control procedures of the company and the opinion of the Audit Committee on the efficiency of the internal control system.**

Due to the importance of internal control procedures of the company, the board validates their effectiveness and efficiency on annual basis through reviewing them by the Audit Committee. The review includes an assessment of the efficiency and effectiveness of all policies, practices, and procedures of all the company's departments and the effectiveness of governance, risk management, and internal control, which enables the company to achieve its objectives and protect its assets.

The Audit Committee also looks into the effectiveness of the internal control procedures by reviewing the work of the external auditor of the company and internal auditing works of the company, concluding relevant recommendations to enhance them, and submitting such recommendations periodically to the board to ensure the efficiency and effectiveness of the internal control system in general.

The board stresses after conducting the annual review of the effectiveness of the internal control system of the company that there is no material results that have a major impact regarding the soundness of the financial and accounting systems and internal control related to the preparation of financial statements that need to be disclosed.

The Audit Committee also believes that the internal control procedures applied in the company during the fiscal year 2020 has been highly effective and efficient. The committee further believes that in light of its work, it has no material remarks and has not found any deficiency in the procedures of internal control that needs to be highlighted or disclosed.

**11- The committee's recommendation regarding the appointment of an internal auditor in the company.**

There is no recommendation from the Audit Committee to this effect since there is an internal auditor in the company already.

**12- The recommendations of the Audit Committee contravening with the resolutions of the board, or which the board has refused to consider regarding the appointment and dismissal of an internal auditor in the company, defining the fees, and assessment of performance thereof, or the appointment of an internal auditor, the reasons for such recommendations, and the reasons for not considering them.**

There is no contravention between the recommendations of the Audit Committee and the resolutions of the board.

**13- The details of the company's social contributions.**

The company believes in the importance of social contributions and helping in the process of social development. The company adopts a social mission that aims at enriching its contributions to community services because it realizes that the community has rights over its members, whether individuals or companies. An annual budget has been allocated for social responsibility and a strategic plan has been devised to define the social responsibility programs that help in developing the community and are consistent with the vision and goals of the company and its activities. Among the social responsibility programs that the company has been interested in supporting during the upcoming phase are the special education programs for schools, such as autism and learning difficulties, training programs for people with minor disabilities, and training programs for those who have social security. The company continues its efforts in adopting and implementing many community service programs that are consistent with the company's mission and values and reflects its absolute commitment to improving the social and living conditions of needy groups and providing their needs.

**Out of Al Khaleej Training and Education's belief in the importance of community contributions and its adoption of many community service programs that are consistent with the company's mission, values and 2030 Vision, the company has participated during the year 2020 in many community contributions, including, for example:**

1. Continuous contribution and material and in kind support of many civil organizations and institutions that look after members of society from the poor, orphans, and people with special needs to qualify them and ensure they have their right to education.
2. Providing many free training programs for the company's employees to develop them, raise their efficiency and skills, and provide a safe, stable work environment for them to provide an opportunity for job stability and achieve justice, equality, and equal opportunities, and provide facilities on the company's products and services to the employees and their children.
3. The company's social contribution to the initiative of the General Technical and Vocational Training Corporation and the Trahum Committee in the city of Mecca to provide free rehabilitation courses for sons and daughters of prisoners in Mecca Region.
4. The company's community contribution to the Al-Amal Association in the region of Asir and offering free computer training courses for men and women of the deaf and mute community in the southern region of "Abha" in the company's branches in the city of Abha.
5. The company's community contribution to the Adults Motor Disability Association in the region of Riyadh, to help the families of the physically disabled financially, in kind, and morally and to help relieve the distress of many of the association's beneficiaries.
6. Contribution and material and in kind support to many humanitarian cases of the children and families of the company's employees to be able to resume their education.



**14- A statement of the dates of the shareholders' general assemblies held during the last fiscal year and the names of the board directors attending those assemblies.**

The board of directors has held in the fiscal year 2020 two (2) extraordinary general assemblies of the shareholders as follows:-

No.	Names of board directors	Type of assembly	Extraordinary general assembly	Type of assembly	Ordinary general assembly
		Date of assembly	05/05/2020	Date of assembly	21/12/2020
		Attendance record		Attendance record	
١	Mr. / Abdulaziz bin Hammad Nasser Al-Blaihid		<b>X</b>		<b>X</b>
٢	Mr. / Abdualziz bin Rashid Abdul Rahman Al-Rashed		√		√
٣	Mr. / Ahmed bin Ali Ahmed Al-Shadwi		√		<b>X</b>
٤	Mr. / Ahmed bin Mohamed Salem Al-Sirri		√		√
٥	Dr. / Abdulaziz bin Abdul Rahman Al-Qwaiz		√		√
٦	Mr. / Abdulaziz bin Abdul Rahman Saad Al-Raqtan		√		√
٧	Eng. / Abdul Mohsen bin Abdul Aziz Al-Yahya		√		<b>X</b>
٨	Eng. / Al-Walid bin Abdul Razzaq Saleh Al-Duraian		√		√

- √ Attended in person

- Attended by delegating another board director

**X** - Did not attend

**15- A description of the company's main activities and subsidiaries.**

The company is practicing its main activities through various sectors, namely Training Sector, Education Sector, and Call Centers Sector.

**The first activity: Training Sector**

This sector includes training in all fields, whether for individuals or companies (government-individuals-Jobzella)

The year 2020 has ended with achieving better results than 2019, thanks to Allah, despite the global developments that have taken place at the beginning of the year and required changing the set plans in full and replacing them with emergency plans to survive the crisis. In the beginning of 2020, work has been pursued in the first two months according to the preset annual and five-year plan. Then things have changed quickly in a short time since recording the first coronavirus case on Monday 2/3/2020, up to closing all educational facilities on Monday 9/3/2020.

Based on the government's order to close the educational and training facilities dated 11/3/2020, all the branches have been closed. We have also received from the clients of our projects an order to halt the internal training in our centers, as well as the external training. As you know, remote training has not been authorized back then by the supervising bodies (Ministry of Education and the General Technical and Vocational Training Corporation). That was why our activities were among the most damaged activities because of the coronavirus pandemic, as we had to suspend all our activities completely. We, therefore, have devised an emergency plan to face this new situation. In this regards, we did the following:

- Moved very fast and around the clock through all teams to guarantee a seamless, fast transformation of the education process to avoid halting the training process of individuals, companies, and government projects by replacing training through attending in person with remote training. We applied for licenses from the government bodies for this purpose and we managed to have them, thanks to Allah.

- Equipping all operation, training teams from 9 March to 15 March with all the required mechanisms to resume the education process remotely and work from home.
- Completely transforming to training remotely, working on weekends, continuing the sales during the lock down periods, and working fully electronically.
- Communicating with the government projects to convince them with the efficiency of remote training and prove our pas experience in this field. Thanks to Allah, we resumed 70% of the projects and they continued remotely.

**The percentage of sales of this sector in 2020 is (24%) of the company's sales.**

**The second activity: Education Sector; it is divided into two sections: Schools and nurseries - university projects**

**First: Schools and nurseries:-**

- Dammam schools operate at a capacity of 90% and have been expanded to reach the capacity of about 2,000 male and female students. This property has been sold to the Al-Rajhi REIT Fund and leased back.
- Riyadh schools, in Al-Moghrazat District, were opened in September 2017, with a capacity of up to 3,500 male and female students. This property has been sold to the Al-Rajhi REIT Fund and leased back.
- In the beginning of September 2018, Jeddah schools have been operational, thanks to Allah, with a capacity of 2,500 male and female students.
- The company has a standalone nursery in Riyadh. This property has been sold to the Al-Rajhi REIT Fund and leased back. The building of another nursery in the city of Al- Dhahran has been restored and operated in September 2016.
- A school in Hittin District in Riyadh is currently being handed over to the company and we are planning to operate it in September 2021, Allah willing.
- A contractor has been assigned to develop a plot of land in Al-Khubar into an educational complex with the capacity of 2,500 male and female students. The educational complex is expected to be operational in 2023.
- The company has suspended the process of completing the licenses necessary for building schools in King Abdullah Economic City in Rabigh, with a capacity of 2,000 students, until the future of King Abdullah Economic City is clear.
- The company has rented Al Ishraq schools in Dammam for 20 years. The schools have 500 students enrolled, and its capacity is up to 700 students.
- The procedures for the acquisition of 60% of Al-Roqi National Schools in Al-Suwaidi District in Riyadh are being completed, with a value of (12,817,128) Saudi riyals, pending the completion of the legal inspection of the school.

**Second: University projects:-**

- It includes operating the preparatory years for many Saudi universities. Work in these projects is focused on providing academic staff for the preparatory years, according to scientific standards and foundations set by the universities. The company also manages the human resources for universities. The company has had eight Saudi universities during the year 2020. This division in the education sector is witnessing intense competition, as it is subject to government tenders and bidding system.

**The percentage of sales of this sector in 2020 is (28%) of the company's sales.**

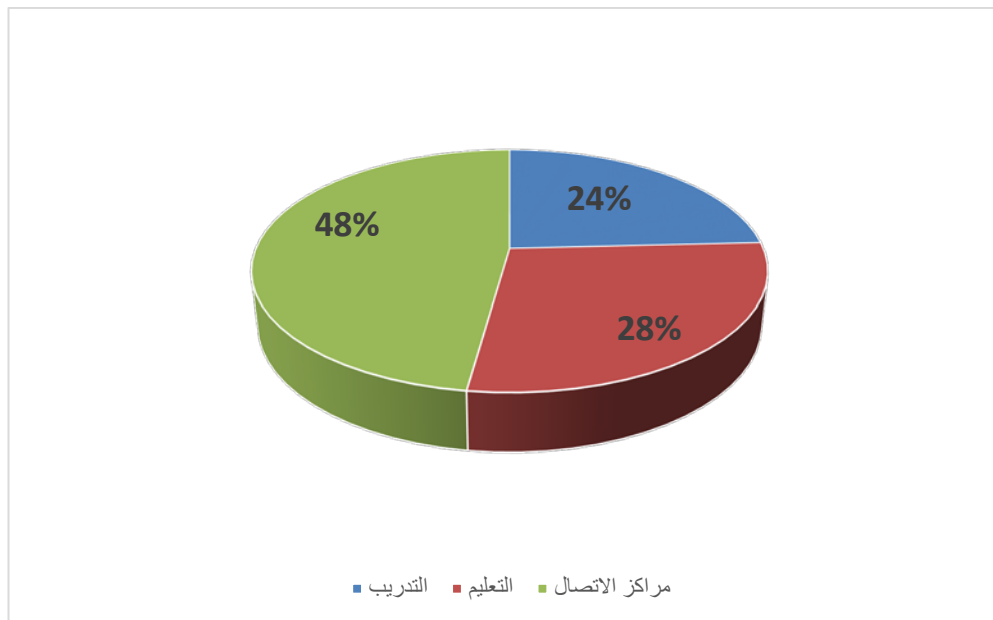
**The third activity: Call Centers Sector**

- This sector has grown significantly over the past years, thanks to Allah, and then thanks to the efforts of the work team that has been able during the past period and since the establishment of the company to set up a distinct strategy and an integrated

understanding of the needs of the labor market. The team took advantage of the distinctive human expertise it had, which helped the company acquire most of the market share. The team's efforts were culminated in concluding contracts with many governmental and private bodies. This division works to provide Saudi cadres trained and qualified to play different roles according to the contractual needs, which falls under the outsourcing works and delegation of operation by implementing the works either at the client's headquarters or in the company's facilities. The company is distinguished by its advanced technical equipment of the latest models, which is constantly updated to ensure the provision of all new technologies related to customer service and customer experience.

- The services provided by Smart Link include is the provision of solutions and services to support businesses through outsourcing and operation by providing human cadres in various disciplines (information technology, sales and marketing, various departments, customer service, and call centers).
- Smart Link provides comprehensive solutions services for integrated call center services (including call center services provided in-house or on behalf of the client through outsource services) and solutions for establishing, supplying, installing, operating, managing, monitoring, and controlling the performance of call centers for technical support, support, and modern user services, according to the latest international standards and modern technologies.
- The total capacity of Smart Link operations centers is 4,000 customer service representatives, supported by cadres of team leaders, supervisors, and support business units to keep pace with the rapid growth in the size of the company's projects and operations. This has enabled Smart Link to operate various projects with a total volume of more than 500,000 calls per day within the various operations sectors.
- The operations centers of Smart Link are spread in the three main cities of (Riyadh, Jeddah, and Dammam), plus an additional regional office in the Arab Republic of Egypt-Cairo. Two new offices have also been completed in Riyadh and Jeddah to support the company's operations offices with the latest equipment and the highest levels of operational readiness.

**The percentage of sales of this sector in 2020 is (48%) of the company's sales.**



The impact of those main activities on the size of the company's business and contribution to the results are as follows:-

No.	Type of activity	Activity revenues	Percentage %
		Thousand riyals	
١	Training	190588	24
٢	Education	220487	28
٣	Call Centers	376253	48
	<b>Total</b>		<b>100 %</b>

A description of the main activities of subsidiaries:

1. First activity: **Computers**    2. Second activity: **English Language**    3. Third activity: **Administrative Training**.

The impact of those main activities of the subsidiaries on the size of the company's business and contribution to the results are as follows:-

No.	Type of activity	Activity revenues	Percentage %
		Thousand riyals	
١	Computers	5150	١
٢	English Language	6954	١
٣	Administrative Training	30140	4
	<b>Total</b>		<b>6 %</b>

#### 16- Company's important plans and decisions, and forecast of the company's future works.

##### First: In the Training Sector:

In line with the KSA's Vision 2030, we plan to effect this vision in 2021 through the following:-

We will continue to implement the emergency plan until the end of the pandemic, which is estimated to be until 6/2021. After that, the company will gradually return to normal operations and set up new plans after making sure that the pandemic has ended and that business is back to normal. We also have plans to grow in this sector.

**This sector is expected to grow in 2021 by (4%).**

##### Second: In the Education Sector:

To be able to fulfill the expansion plans in the Education Sector, the company has decided to achieve that through the following:-

1. Funding schools expansion through looking for real-estate developers to buy plot of lands, building schools on them, and then leasing those facilities for at least 25 years.
2. Seeking to increase the number of students in schools to reach 5,000 male and female students in September 2021, compared to 4,500 male and female students in 2020.
3. Seeking to maintain preparatory years' operation contracts in the eight universities the company has been managing during 2020.
4. Activating the electronic platforms in a distinguished manner to serve the male and female students and their parents during the first half of 2021, with the expectation that those platforms will continue to serve the educational process partially even after the end of the pandemic, Allah willing.

**This sector is expected to grow in 2021 by (10%).**

### Third: In the Call Centers Sector:

To be able to fulfill the expansion plans in the Call Centers Sector, the company has decided to achieve that through the following:

1. Completing the required procedures to obtain the international quality certificates for technical standards and information security for call centers (ISO 27001 certificate).
2. Activating the latest artificial intelligence (AI) methodologies in call center applications and systems and developing ways and methodologies to activate them in the company's projects
3. Applying and approving the certified standards for information security and obtaining conformity certificates from the relevant authorities (Certificate of Conformity to the Standards of the National Cybersecurity Authority, Certificate of Conformity to the Standards of the Saudi Central Bank, and Certificate of Conformity to Aramco Standards).
4. Activating and applying the work of the necessary human cadres in call centers to work from home. The company have regarded this as an appropriate solution to ensure the continuation of providing services to the sector in crises and pandemics, God forbid.

**This sector is expected to grow in 2021 by (5%).**

## 17- Risks the company is facing.

**The following are the risks the company may face:-**

1. The government competition represented by the universities, technical colleges, and government and semi-government companies that offer programs similar to the ones the company is offering.
2. The frequent changes to work and workers regulations and lengthy procedures to obtain work visas to enable the company to compete in government tenders.
3. Low oil prices, which negatively affect some government contracts.
4. Universities tendency to self-run the preparatory years, which may lead to a decrease in revenues in the Education Sector.
5. Increasing competition in the call centers sector, which leads to decreasing the rates while applying to tenders.
6. Slashing of government subsidies offered to companies by the Human Resources Development Fund, which resulted in raising the operating costs.
7. The increasing financial and administrative expenses.
8. The impact of remote training, which has been licensed starting from mid-2019.

**The company's policy regarding the management and control of these risks is to search for alternative solutions and develop strategies and plans that aim to expand in many other areas, covering the consequent shortage of some of the revenues of those activities because of those risks. The company always strives to limit and control those risks.**

**There are also other types of potential risks related to the company's activities. The most important of them are:**

1. **Liquidity risks:** They are the risks resulting from the inability to provide the funds necessary to meet the obligations related to the financial instruments. Liquidity risk is managed by monitoring it regularly to ensure the availability of sufficient liquidity by carefully following up on the collection process to fulfill any obligations of the company on their due dates.
2. **Credit risks:** Credit risks are the inability of one party to fulfill its obligations, which may lead to the other party incurring a financial loss. The company believes that its exposure to credit risk is not significant, especially since the company is depositing cash balances into national financial institutions that are highly credible and maintaining good credit rating.

**3. Risks of fluctuating foreign exchange rates:** It is the risk of change in the value of financial instruments due to changes in the foreign exchange rates. The company's management is closely monitoring the fluctuations in the foreign exchange rate. The company believes that the possibility of its exposure to the risk of changing exchange rates is not significant because the official currency of the company is the Saudi riyal, which is the main currency the company is dealing with. The prices of Saudi riyal is fixed currently, with slight margin, against the US dollar, although there are some transactions in foreign currencies made by the company's branches outside the KSA. These risks are managed and monitored on a regular basis.

**4. Risks of compliance with government legislations and regulations:** They are the risks arising from non-compliance with government legislations and regulations issued by official bodies or government agencies. This includes, but not limited to, CMA instructions regarding compliance, disclosure, and application of accounting standards, the instructions of the Ministry of Commerce and Industry, the Ministry of Labor, the Zakat and Income Authority, etc. The company is continuously monitoring these risks by reviewing all the obligations and requirements and submitting the necessary ones to the concerned authorities within the specified time.

**18- The company's assets, liabilities, and business results in the last five fiscal years.**

**Business results comparison:-**

No.	Statement	٢٠٢٠	٢٠١٩	٢٠١٨	٢٠١٧	٢٠١٦
	Income statement (in thousand)	Thousand riyals	Thousand riyals	Thousand riyals	Thousand riyals	Thousand riyals
١	Activity revenues	787328	٨٦٤١٩١	٨٠٢٥١٧	٧٠٩٩٩٢	٦٢٩٩٦٢
٢	Activity costs	683728	727016	٦٤٤٧١٧	٥٢٦٧٥٢	٤٨٢٩٦٢
٣	Gross profit	103600	137175	١٥٧٨٠٠	١٨٣٢٤٠	١٤٧٠٠٠
٤	General & administrative expenses	113774	١٤٤٧٨٣	١٢٧٦٥٤	١٣٢٨٣٩	١١٠٣٢١
٥	Other revenues-net	23219	74445	٥٥١٩	٥٨٩١	٩١٩٩
٦	Zakat	1983	٢٦٧٥	١٣١٨	٢٠٠٠	٢٠٠١
٧	Minority interest	320	٤٨٠٤	١٩٨٩	٢٥٩٤	٣٢٦
٨	Net profit	10742	59360	٣٢٣٥٨	٥١٦٩٨	٤٣٥٥١

Comparative figures for the year 2019 have been reclassified to conform to the presentation of the 2020 figures

**Comparison of assets and liabilities:-**

No.	Statement	٢٠٢٠	٢٠١٩	٢٠١٨	٢٠١٧	٢٠١٦
	Financial position (in thousand)	Thousand riyals	Thousand riyals	Thousand riyals	Thousand riyals	Thousand riyals
١	Circulating assets	460905	585225	٤٦٦٤٨٢	٤١٤٣١٠	٤١١٢٤٣
٢	Current liabilities	361349	492730	٥٢٩١١٩	٤٠٨٥١٢	٣٣٢٧٩١
٣	Operating capital	99556	92495	٦٢٦٣٧	٥٧٩٨	٧٨٤٥٢
٤	Other long-term assets	601379	607851	١٥٠٨٥٩	٥٧٤٧٢	٥٦٩٨٩
٥	Fixed assets	459350	436864	٨٠٧٠٨٥	٧٩٢٧١٩	٦٨٠٢٧٢
٦	<b>Total assets</b>	<b>1521634</b>	<b>1629940</b>	<b>١٤٢٤٤٢٦</b>	<b>١٢٦٤٥٠١</b>	<b>١١٤٨٥٠٤</b>
٧	Circulating assets	361349	492730	٥٢٩١١٩	٤٠٨٥١٢	٣٣٢٧٩١
٨	Long-term loans	161156	٩٨٥٤٥	١٣٦٨٢٨	١٨١٥٢٥	١٦٣١١٢
٩	Other liabilities	394287	426823	٢٠٢٨٥٤	١٢١٢٢٩	١١٥٣٥١
١٠	<b>Total liabilities</b>	<b>916792</b>	<b>1018098</b>	<b>٨٦٨٨٠١</b>	<b>٧١١٢٦٧</b>	<b>٦١١٢٥٤</b>
١١	Paid capital	450000	٤٥٠٠٠٠	٤٥٠٠٠٠	٤٠٠٠٠٠	٤٠٠٠٠٠
١٢	Reserves and retained earnings	146788	150724	٩٧١٥٤	١٤٣١٨٨	١٢٧٦٧٨
١٣	Shareholders' equity	596787	600724	٥٤٧١٥٤	٥٤٣١٨٨	٥٢٧٦٧٨
١٤	Minority interests	8054	١١٠٩٧	٨٤٧١	١٠٠٤٧	٩٥٧٢
١٥	<b>Total equity</b>	<b>604841</b>	<b>611821</b>	<b>٥٥٥٦٢٥</b>	<b>٥٥٣٢٣٥</b>	<b>٥٣٧٢٥٠</b>
١٦	<b>Total liabilities and shareholders' equity</b>	<b>1521634</b>	<b>1629398</b>	<b>١٤٢٤٤٢٦</b>	<b>١٢٦٤٥٠١</b>	<b>١١٤٨٥٠٤</b>

Comparative figures for the year 2019 have been reclassified to conform to the presentation of the 2020 figures

**19- Geographical analysis of the total revenues of the company and subsidiaries.**

**Geographical analysis of the company's total revenues:**

No.	Year	Statement	KSA
		Revenues	Thousand riyals
١	٢٠٢٠	Computer	132498
٢		English Language	42599
٣		Educational projects	92325
٤		Call Centers	376253
٥		Administrative Training	15491
٦		Schools	128162
No.	Year	Revenues	Thousand riyals
١	٢٠١٩	Computer	١٣١٤٢٧
٢		English Language	٦٤٦٢١
٣		Educational projects	٩٣٨٦١
٤		Call Centers	٣٦٤٩٩٤
٥		Administrative Training	٨٢٢٠٣
٦		Schools	١٢٧٠٨٥

**Geographical analysis of the total revenues of subsidiaries:**

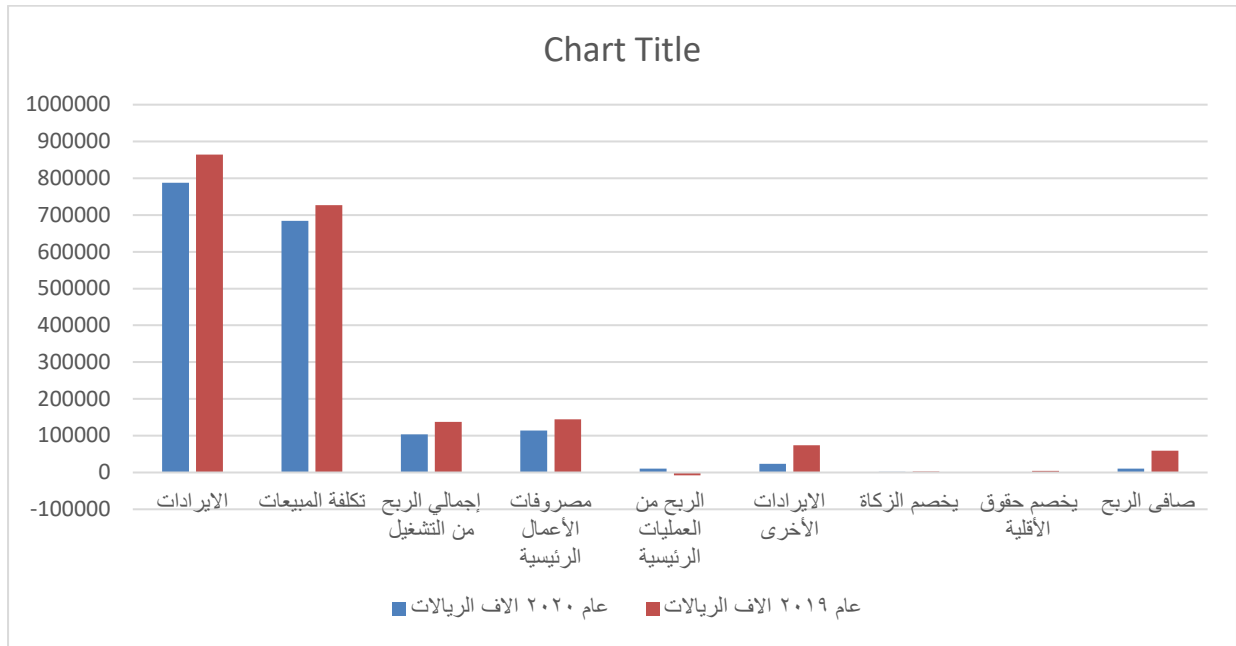
No.	Year	Statement	U.A.E	A.R.E	U.K.
		Revenues	Thousand riyals	Thousand riyals	Thousand riyals
١	٢٠٢٠	Computer	5035	115	
٢		English Language			6954
٣		Administrative Training	30140		
No.	Year	Revenues	Thousand riyals	Thousand riyals	Thousand riyals
١	٢٠١٩	Computer	١٢٨١٧	٥٠٦٢	
٢		English Language			١٢٦٩١
٣		Administrative Training	٦٠٣٠٠		

**20- Clarification of material differences in the operating results compared to the results of the previous year or forecasts announced by the company.**

No.	Statement	٢٠٢٠	٢٠١٩	Changes in (+) or (-)	Change percentage
		Thousand riyals	Thousand riyals	Thousand riyals	%
١	Revenues	787329	٨٦٤١٩١	-76862	-٨
٢	Sales costs	683728	727015	-43287	-٦
٣	Total operating profits	103600	137176	-33576	-24
٤	Major works expenses	113774	١٤٤٧٨٢	-31008	-21
٥	Major operating profits	10174	-7606	+17780	233
٦	Other revenues	23220	74446	-51226	-68
٧	Zakat deduction	1984	٢٦٧٥	-691	-26
٨	Minority interest deduction	320	٤٨٠٤	-4484	-93
٩	Net profit	10742	59360	-48618	-82

Comparative figures for the year 2019 have been reclassified to conform to the presentation of the 2020 figures





21- Clarification of any difference from the accounting standards approved by the Saudi Organization for Certified Public Accountants (SOCPA).

There are no differences from the accounting standards, applied by the SOCPA, which require disclosure. The company's records have been properly prepared according to the accounting standards issued by the SOCPA.

22- A detailed list of subsidiaries, their capital, ownership percentage, main activities, country of main operations, and country of incorporation.

NO.	Name of subsidiary	Capital	Ownership percentage	Main activity	Country of main operations	Country of incorporation
١	Land Express Group Corporation	50,000 DHS	% ٨٠	Training	UAE	UAE
٢	Al Khaleej Training & Information Technology	4,500,000 LE	% ٥٧	Training	ARE	ARE
٣	Online Trading Academy	1,000,000 DHS	% ١٠٠	Training	UAE	UAE
٤	Application company for digital media services	2,500,000 DHS	% ٩٠	Training	UAE	UAE
٥	FranklinCovey Middle East Company	5,000,000 DHS	% ٦١	Training	UAE	UAE
٦	Linguaphone Company Ltd.	1,606,639GBP	% ١٠٠	Training	UK	UK
٧	Jobzella Company	250,000 LE	% ٦٠	Software	ARE	UAE

**23- Details of shares and debt instruments issued for each subsidiary.**

There are no shares or debt instruments issued by the subsidiaries of the company.

**24- Company's policy regarding distribution of dividends.**

The company's policy of distributing net annual profits is based on Article 47 of the company's articles of association, after deducting all general expenses and other costs as follows:

- (10%) of the net profits is provisioned to create the statutory reserve of the company. The general assembly may decide to suspend such provision if the said reserve reaches (30%) of the paid capital.
- The ordinary general assembly may, based on a board's proposal, provision a certain percentage of the net profits to create an agreed reserve to be dedicated for a certain purpose or purposes, to be defined by the board.
- The ordinary general assembly may decide to create other reserves to the extent that serves the interest of the company or ensures that fixed dividends, as much as possible, are distributed to the shareholders. The aforementioned assembly may also deduct amounts from the net profits to establish social institutions for the company's employees or to assist such existing institutions.
- From the remainder, a percentage of (5%) of the paid capital of the company shall be distributed to the shareholders, or as decided by the ordinary general assembly in this regard.
- Subject to the provisions of Article 20 of the articles of association and Article 76 of the Companies Regulations, an amount from the remainder of the aforementioned shall be allocated to disburse the remuneration of the board, provided that the remuneration entitlement is proportional to the number of meetings attended by the board director.
- The company may distribute interim dividends to the shareholders in a semi-annual or quarterly manner, after fulfilling the controls and requirements set by the competent authorities in this regard.
- The board of Al Khaleej Training and Education Company during the meeting held on Tuesday 12/09/1444 AH, corresponding to 05/05/2020, has recommended the general assembly to do the following:  
Approve the distribution of cash dividends to shareholders for the fiscal year ending on 31/12/2019 at (0.25) a quarter of riyal for each share, which is equivalent to (2.5%) of the nominal value of each share, in a total amount of (11,250,000) eleven million two hundred fifty thousand riyals. The eligible shareholders shall be the ones who own the shares on the day of the assembly meeting and who are registered in the company's shareholders register at the Depository Center at the end of the second day of trading following the date of the assembly. The date of distributing the dividends will be announced later.

Percentage of dividends distributed during the year				Proposed percentage of dividends to be distributed at the end of the year	Total of dividends
	00/00/2019	00/00/2019	00/00/2019		
percentage	%	%	%	%	In Saudi riyal
<b>Total</b>	.	.	.	٢,٥	١١,٢٥٠,٠٠٠

25- A description of any interest in the voting-eligible shares category belonging to persons (other than the company's board directors, senior executives, and their relatives), who informed the company of those rights under Article 45 of the Registration and Listing Rules, and any change to those rights during the last fiscal year.

There is no interest in the voting-eligible shares category belonging to persons other than the company's board directors, senior executives, and their relatives, who informed the company of those rights or any change to those rights during the last fiscal year.

26- A description of any interest, contractual securities, and subscription rights belonging to board directors, senior executives, and their relatives in the shares or debt instruments of the company or any of its subsidiaries and any change to that interest or those rights during the last fiscal year.

A description any interest, contractual securities, and subscription rights belonging to board directors and their relatives in the shares or debt instruments of the company.							
No.	Name of the interest holder	No. of shares Beginning of year	Ownership percentage Beginning of year	No. of shares End of year	Ownership percentage End of year	Net change	Change percentage
١	Abdulaziz bin Hammad Al-Blaihid	٣,١٥٠,٠٠٠	٧	٢,٢٥٠,٠٠٠	٥	٩٠٠,٠٠٠	2%
٢	Abdulaziz bin Rashid Al-Rashed	١,٨٠١,٢٨٤	٤	١,٨٠١,٢٨٤	٤	---	---
٣	Ahmed bin Ali Al-Shadwi	٤,٩١٢,٤٩٩	١٠,٩٢	٢,٤١٠,٠١٢	٥,٣٦	٢,٥٠٢,٤٨٧	5.56%
٤	Ahmed bin Mohamed Al-Sirri	١,٥٢٣,٥٧٠	٣,٣٩	١٠٠٠	٠,٠٠٢	١,٥٢٢,٥٧٠	3.388%
٥	Al-Walid bin Abdul Razzaq Al-Duraian	٤,٥٦١,٧٥٢	١٠,١٤	٤,٠٧٨,٤٧٨	٩,٠٦	٤٨٣,٢٧٤	1.08%
٦	Abdulaziz bin Abdul Rahman Al-Raqtan	٤,٣٨٧	٠,٠٠٩	٤,٣٨٧	٠,٠٠٩	---	---
٧	Abdulaziz bin Abdul Rahman Al-Qwaiz	١,١٢٥	٠,٠٠٢	١,١٢٥	٠,٠٠٢	---	---
٨	Abdul Mohsen bin Abdul Aziz Al-Yahya	١٠,٠٠٠	٠,٠٢٢	٠	٠	١٠,٠٠٠	100%
٩	Alkhaleej Holding Company	١,٠٧٧,٦٦١	٢,٣٩	١,٠٧٧,٦٦١	٢,٣٩	--	--
١٠	Jaoudeh bin Abdul Rahman Masoud	١	٠,٠٠٠٠٠٠٢٢	١	٠,٠٠٠٠٠٠٢٢	--	--

A description any interest, contractual securities, and subscription rights belonging to senior executives and their relatives in the shares or debt instruments of the company.

No.	Name of the interest holder	No. of shares Beginning of year	Ownership percentage Beginning of year	No. of shares End of year	Ownership percentage End of year	Net change	Change percentage
١	Not available	.	.	.	.	.	.

A description any interest, contractual securities, and subscription rights belonging to board directors, senior executives, and their relatives in the shares or debt instruments of the company.

No.	Name of the interest holder	No. of shares Beginning of year	Ownership percentage Beginning of year	No. of shares End of year	Ownership percentage End of year	Net change	Change percentage
١	Not available	.	.	.	.	.	.

27- Information regarding the company's loans in thousands.

No.	Name of creditor and number of loan	Amount of loan principal	Loan term	Due date	Debt at the beginning of 2020	Loan movement during the year		Debt at the end of 2020
		Thousands of riyals			Thousands of riyals	Positive	Negative	Thousands of riyals
						Thousands of riyals	Thousands of riyals	
1	Riyad Bank -1	140000	1 Year	5/21/2021	140000	146400	140000	146400
2	Arab National Bank -1	10000	1 Year	6/27/2021	10000	10000	10000	10000
3	Arab National Bank - 2	15000	1 Year	10/5/2021	15000	15000	15000	15000
4	Arab National Bank -3	20000	1 Year	4/18/2021	20000	20000	20000	20000
11	Arab National Bank -4	15000	1 Year	8/28/2021	15000	15000	15000	15000
12	Arab National Bank -5	10000	1 Year	12/7/2021	10000	10000	10000	10000
13	Arab National Bank -6	0	6 Months	4/30/2021	0	38000	19000	19000
14	Arab National Bank -7	0	6 Months	8/15/2021	0	15000	0	15000
15	Arab National Bank -8	102857	7 Years	0	102857	0	102857	0
16	Al Rajhi Bank - 1	12000	6 Months	5/26/2021	12000	12000	12000	12000
17	Al Rajhi Bank - 2	8000	6 Months	3/17/2021	8000	8000	8000	8000
18	Al Rajhi Bank - 3	20272	5 Year	12/24/2021	20272	0	20272	0
19	National Commercial Bank - 1	15000	4 Months	4/17/2021	15000	15000	15000	15000
20	National Commercial Bank - 2	5000	6 Months	7/17/2021	5000	0	5000	0
21	SABB Bank - 1	8000	6 Months	7/17/2021	8000	27000	8000	27000

22	Fransi Bank - 1	31958	6 Months	12/4/2021	31958		3344	28614
	Fransi Bank - 2	0				21157		21157
23	Inma Bank - 1	35000	6 Months	5/28/2021	35000	25000	8000	52000
	AlJazira Bank - 1	0	6 Months	12/26/2021	0	8000	0	8000
	<b>Total</b>	<b>448087</b>			<b>448087</b>	<b>377557</b>	<b>411473</b>	<b>422171</b>

**28- A description of classes and number of any convertible debt instruments and any contractual securities, subscription right notes, or similar rights issued or granted by the company during the fiscal year, with an explanation of any compensation the company obtained in return.**

**There is no** convertible debt instruments or any contractual securities, subscription right notes, or similar rights issued or granted by the company during the fiscal year 2020 and the company has not received any compensation.

**29- A description of any convertible or subscription rights by virtue of convertible debt instruments, any subscription right notes, or similar rights issued or granted by the company.**

**There is no** convertible or subscription rights by virtue of debt instruments convertible to shares, contractual securities, subscription right notes, or similar notes issued or granted by the company.

**30- A description of any of the company's redemption, purchase, or cancellation of any redeemable debt instruments and the value of the remaining securities, with a distinction between listed securities the company purchased and those a subsidiary purchased.**

**The company has not** redeemed, purchased, or cancelled any redeemable debt instruments and the value of the remaining securities, while distinguishing between listed securities the company has purchased and those a subsidiary has purchased.

**31- Number of meetings held by the board during the last fiscal year (2020).**

The board has held during 2020 (5) meetings, by attending in person / by phone / by means of modern technology and has passed (2) decisions, according to following:-

No.	Name	Date of meeting and attendance record							
		In person / by phone / by means of modern technology					Passed decisions		Attendance percentage
		١	٢	٣	٤	٥	١	٢	
25/03/2020	05/05/2020	07/07/2020	14/10/2020	21/12/2020	09/01/2020	21/10/2020			
١	Mr. / Abdulaziz bin Hammad Nasser Al-Blaihid	✓	✓	✓	✓	✓	✍	✍	100%
٢	Mr. / Abdulaziz bin Rashid Abdul Rahman Al-Rashed	✓	✓	✓	✓	✓	✍	✍	100%
٣	Mr. / Ahmed bin Ali Ahmed Al-Shadwi	✓	✓	✓	✓	✓	✍	✍	100%
٤	Mr. / Ahmed bin Mohamed Salem Al-Sirri	✓	✓	✓	✓	✓	✍	✍	100%
٥	Dr. / Abdulaziz bin Abdul Rahman Al-Qwaiz	✓	✓	✓	✓	✓	✍	✍	100%
٦	Mr. / Abdulaziz bin Abdul Rahman Saad Al-Raqtan	✓	✓	✓	✓	✓	✍	✍	100%
٧	Eng. / Abdul Mohsen bin Abdul Aziz Al-Yahya	✓	✓	✓	✓	✓	✍	✍	100%
٨	Eng. / Al-Walid bin Abdul Razzaq Saleh Al-Duraian	✓	✓	✓	✓	✓	✍	✍	100%

- ✓ Attended in person -  Attended by delegating another board director - ✍ Attended by phone/means of modern technology - X Did not attend ✍ Passed decision

**32- Number of company's applications submitted to shareholders' register during the last fiscal year (2020)**

Application no.	Application date	Reasons for application
١	٢٠٢٠/٠١/٢٦	Companies' procedures
٢	٢٠٢٠/٠٥/٠٥	General Assembly
٣	٢٠٢٠/٠٦/١٦	Other
٤	٢٠٢٠/٠٦/٣٠	Other
٥	٢٠٢٠/٠٨/٢٧	Companies' procedures
٦	٢٠٢٠/٠٩/٠١	Other
٧	٢٠٢٠/٠٩/٠٨	Other
٨	٢٠٢٠/٠٩/١٧	Other
٩	٢٠٢٠/١١/٢٢	Other
١٠	٢٠٢٠/١٢/٠٩	Other
١١	٢٠٢٠/١٢/٢١	General Assembly

**33- A description of any transaction between the company and a relevant party.**

There is no transaction between the company and a relevant party.

**34- Works or contracts the company is party to or one of board directors, senior executives, or a person related to them has interest in.**

**There are** contracts the company is party to with companies owned by some of the board directors and they have a direct or indirect interest in them as follows:

The first contract: Lease contract of offices by the company to Al-Khaleej Computers and Electronic Systems.

No.	Nature of work or contract	Contract value	Contract term	Contract conditions	Name of interested director
١	A contract of leasing of offices to Al-Khaleej Computers Company owned by the board directors, who have interests in the building owned by Al Khaleej Training and Education Company in the city of Riyadh, with an area of (1,366) square meters.	1,366,000 Riyals annually	3 years	Usual works, without conditions or special privileges	Abdulaziz bin Hammad Al-Blaihid
					Abdulziz bin Rashid Al-Rashed
					Ahmed bin Ali Al-Shadwi
					Ahmed bin Mohamed Al-Sirri

The second contract: Lease contract of a building by Al-Falak Electronic Equipment and Supplies Company to the company.

No.	Nature of work or contract	Contract value	Contract term	Contract conditions	Name of interested director
٢	Lease contract of a building by Al-Falak Electronic Equipment and Supplies Company, owned by the board directors who have interests in it, to Al Khaleej Training and Education Company, with an area of (4,000) square meters, for a project with Aramco in the city of Al Khobar	900,000 Riyals annually	7 years	Usual works, without conditions or special privileges	Abdulaziz bin Hammad Al-Blaihid
					Abdulziz bin Rashid Al-Rashed
					Ahmed bin Ali Al-Shadwi
					Ahmed bin Mohamed Al-Sirri

The third contract: Agreement of providing consulting services to Al-Falak Electronic Equipment and Supplies Company by the company

No.	Nature of work or contract	Contract value	Contract term	Contract conditions	Name of interested director
٣	An agreement of providing consulting services by Al Khaleej Training and Education Company to Al-Falak Electronic Equipment and Supplies Company, owned by the board directors who have interests in it, in the field of employment, recruitment of specialized employees, and providing training courses that qualify the employees to perform their job duties.	1,500,000 Riyals annually	One year	Usual works, without conditions or special privileges	Abdulaziz bin Hammad Al-Blaihid
					Abdulziz bin Rashid Al-Rashed
					Ahmed bin Ali Al-Shadwi
					Ahmed bin Mohamed Al-Sirri

The fourth contract: Agreement to purchase equipment and electronic products for the company from Al-Falak Electronic Equipment and Supplies Company

No.	Nature of work or contract	Contract value	Contract term	Contract conditions	Name of interested director
٤	An agreement to purchase the equipment and electronic products the company needs from Al-Falak Electronic Equipment and Supplies Company, owned by the board directors who have interests in it	1,000,000 Riyals annually	One yer	Usual works, without conditions or special privileges	Abdulaziz bin Hammad Al-Blaihid
					Abdulziz bin Rashid Al-Rashed
					Ahmed bin Ali Al-Shadwi
					Ahmed bin Mohamed Al-Sirri

**35- A statement of any arrangements or agreement under which a board director or a senior executive of the company has waived any remuneration.**

**There is no** arrangements or agreement, under which a board of director or a senior executive has waived a remuneration.

**36- A statement of any arrangements or agreement under which a shareholder of the company waives any rights to dividends.**

**There is no** arrangements or agreement, under which a shareholder of the company has waived any rights to dividends.

**37- A statement of the value of statutory payments paid and due to pay for zakat, taxes, fees, or any other dues that have not been paid until the end of the annual fiscal period, with a brief description of them and their reasons.**

No.	Statement	٢٠٢٠		Reasons



		Paid	Due until the end of annual fiscal period and has not been paid	Brief description	
		Thousand riyals	Thousand riyals		
١	Zakat	3178	1474		
٢	General Organization for Social Insurance	23535	578		
٣	Costs of visas, passports, and government relations	5279	-		
	<b>Total</b>	<b>31992</b>	<b>2052</b>		

**38- A statement of the value of any investments or reserves created for the interest of the company's employees.**

There is no other investments or reserves created for the interest of the company's employees.

**39- The board acknowledges that:**

1. The company's accounting records have been prepared appropriately.
2. The internal control system has been prepared based on sound foundations and have been implemented effectively.
3. There is no doubt surrounding the company's ability to continue its activity.

**40- A statement of the reservations in the auditor's report on the annual financial statements, their reasons, and any information related to them.**

There has been the following reservation in the auditor's report on the annual financial statements for the year 2020:

The Investments in equity instruments designated at FVOCI include registered investments:

With a value of SAR 14 million, we were not provided with the fair value of these investments as of December 31, 2020, and as a result we were not able to determine whether it is necessary to make any adjustments related to the investment component in equity instruments through. Other comprehensive income in the statement of financial position and the items that make up the consolidated statement of comprehensive income and change in shareholders' equity.

**41- The board's recommendation to change the auditor before the end of the auditor's mandate, with the reasons for recommending such change.**

There is no recommendation from the board of directors to change the auditor before the end of the auditor's mandate.

**42- Details of treasury shares retained by the company and the details of the uses of such shares.**

There is no treasury shares retained by the company.

**43- Company's lawsuits:**

- The board stresses that no lawsuits have been filed by or against the company during the fiscal year 2020 with a value exceeding 5% of the company's net assets.
- The board stresses that there have been lawsuits filed during the fiscal year 2020 against a board director, a partner in a subsidiary, or a senior executive of the company.

#### 44- The Board stresses that:

1. The company is careful not to violate the regulations and to implement the Corporate Governance Regulations and all policies and procedures related to disclosure and transparency.
2. The company has not received any request from the certified auditor to convene the general assembly during the fiscal year ending in (2020).
3. The Chairman has not received any written request from two directors or more to hold emergency meetings during the fiscal year ending in (2020).
4. The company has not received from the shareholders owning at least (5%) of the company's capital a request to convene the general assembly during the fiscal year ending in (2020).
5. The shareholders owning at least (5%) of the company's capital has not requested adding one item or more to the agenda of the general assembly when preparing it.
6. The Board has not absolved any of the company's debtors from their liabilities towards the company during the fiscal year ending in (2020).
7. The company has not placed any restrictions or policies that may impede a shareholder from using the rights guaranteed to the shareholders, according to the laws and regulations.
8. There is no material obstacles that may affect the company's ability to prepare its financial statements, according to the international standards.
9. The company has not provided any cash loan of any kind to the board directors. It also has not guaranteed any loan anyone of them has entered into with others.
10. The company does not have concession shares or shares that enjoy special priority in voting (whether for the shareholders, board directors, or its employees). All the shares of the company are ordinary shares of equal nominal value, equal voting rights, and other rights, according to the regulations.
11. The external auditor of the company has not provided any services of consulting nature to the company and has not received any fees in this regards during the fiscal year ending in (2020).

#### 45- Mechanism of communication with the company's shareholders.

Out of Al Khaleej Training and Education Company and its board keenness to look after the rights of their honorable shareholders and open various, constant communication channels with them, the company has established a dedicated department to follow up on the affairs of the shareholders and stakeholders. The department also continuously communicates with them, responds to all their questions and inquiries, and follows up on any potential problems they may face regarding the distribution of dividends, operations, or others.

**The Department of Shareholders' Affairs of Al Khaleej Training and Education Company may be communicated with through the following channels:-**

- Email: [adel-amin@alkhaleej.com.sa](mailto:adel-amin@alkhaleej.com.sa)
- Phone: 0114623260, extension number 1593

**The honorable shareholders may also follow our news and major events through the company's website:-**

<https://www.alkhaleej.com.sa>

#### 46- Closing message

**Finally**, the board of Al Khaleej Training and Education would like to sincerely thank all the company's shareholders for their valuable trust, constant cooperation, and continuing support to the company and its leadership. We would also like to thank the

company's management and employees for their fruitful and distinguished efforts. We also thank all our partners of success for their constant support. We would not have achieved that success except for Allah Almighty's guidance and then your support, understanding, and loyalty to the company and its general strategy. We pray to Allah that the year 2021 would be a prosperous year for us all. The company will continue, Allah willing, to exert more effort to achieve its future goals and plans, to achieve the expectation of the honorable shareholders.

We hope that the information presented to you in this annual report by the board of Al Khaleej Training and Education Company on the results of the company's works in the fiscal year ending on 31 December 2020 has been satisfactory to you. Thanks to Allah, we have achieved the results stated in the report through hard, continuous work of the board, executive board of the company, and the cooperation of all the employees of the company. We will continue to maintain the level of growth and prosperity for all the company's activities, Allah willing.

**We seek Allah's guidance,**

**Chairman of the Board of Directors**

**Abdulaziz bin Hammad Al-Blaihid**