BlackRock Saudi Arabia

(A Saudi Closed Joint Stock Company)

Financial Statements
with Independent Auditor's Report

for the Year Ended 31 December 2023

BlackRock Saudi Arabia

Contents

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INDEPENDENT AUDITOR'S REPORT

To the shareholder of
BlackRock Saudi Arabia
(A Closed Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BlackRock Saudi Arabia ("the Company"), which comprise the statement of financial position as at 31 December, 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) ("the Code") as endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Regulations for Companies and the Company's Bylaws and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error

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

Those charged with governance, i.e. Board of Directors, are responsible for overseeing the Company's financial reporting process.

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Independent Auditor's Report to the shareholders of BlackRock Saudi Arabia (Continued)

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

As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidenced obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosure is inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Deloitte and Touche & Co.
Chartered Accountants

Waleed bin Moh'd Sobahi
License No. 378
Ramadan 17, 1445
March 27, 2024

ديلويت آند توش وشركاهم
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Chartered Accountants
HO-Riyadh

BlackRock Saudi Arabia

Income Statement for the Year Ended 31 December 2023

	Note	2023 SAR 000	2022 SAR 000
Revenue	4	87,822	59,652
Cost of sales		(13,149)	(15,139)
Gross profit		74,673	44,513
Administrative expenses		(49,360)	(33,150)
Other operating expenses		(793)	(40)
Operating profit	5	24,520	11,323
Finance costs	6	(330)	(30)
Profit before tax		24,190	11,293
Income tax expense	9	(5,825)	(2,750)
Profit for the year		18,365	8,543

The above results were derived wholly from continuing operations.

BlackRock Saudi Arabia

Statement of Comprehensive Income for the Year Ended 31 December 2023

	Note	2023 SAR 000	2022 SAR 000
Profit for the year		18,365	8,543
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Deferred taxes on actuarial (losses)/gains on defined benefit schemes		(13)	(100)
Employee end of service benefit	20	64	500
		51	400
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation (losses)/gains		(145)	61
Total comprehensive income for the year		18,271	9,004

The notes on pages 10 to 37 form an integral part of these financial statements.

BlackRock Saudi Arabia

Statement of Financial Position as at 31 December 2023

	Note	31 December 2023 SAR 000	31 December 2022 SAR 000
Assets			
Non-current assets			
Property and equipment	10	9,625	455
Right-of-use assets	11	5,885	1,048
		15,510	1,503
Current assets			
Trade and other receivables	12	51,680	21,468
Deferred tax asset		268	66
Cash and cash equivalents	13	47,644	60,077
		99,592	81,611
Total assets		115,102	83,114
Equity and liabilities			
Equity			
Share capital	14	35,000	35,000
Statutory reserve	15	5,032	3,195
Foreign currency translation reserve	16	(29)	116
Other reserves	16	(103)	(167)
Share-based payment reserve	16	4,711	2,074
Retained earnings		44,879	28,570
		89,490	68,788
Non-current liabilities			
Long-term lease liabilities	17	5,301	-
Employee's benefits		647	378
		5,948	378
Current liabilities			
Trade and other payables	19	15,756	12,853
Income tax liability		2,741	27
Lease liabilities	17	1,167	1,068
		19,664	13,948
Total liabilities		25,612	14,326
Total equity and liabilities		115,102	83,114

The notes on pages 10 to 37 form an integral part of these financial statements.

BlackRock Saudi Arabia

Statement of Financial Position as at 31 December 2023

Approved by the Board on 20 March 2024 and signed on its behalf by:

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Y Almubarak
Director

The notes on pages 10 to 37 form an integral part of these financial statements.

BlackRock Saudi Arabia

Statement of Changes in Equity for the Year Ended 31 December 2023

	Share capital SAR 000	Statutory reserve SAR 000	Foreign currency translation reserve SAR 000	Other reserves SAR 000	Share-based payment reserve SAR 000	Retained earnings SAR 000	Total SAR 000
At 1 January 2023	35,000	3,195	116	(167)	2,074	28,570	68,788
Profit for the year	-	-	-	-	-	18,365	18,365
Other comprehensive income	-	-	(145)	64	-	(13)	(94)
Total comprehensive income	-	-	(145)	64	-	18,352	18,271
Transfer to statutory reserve	-	1,837	-	-	-	(1,837)	-
Share-based payment transactions	-	-	-	-	2,637	(206)	2,431
At 31 December 2023	35,000	5,032	(29)	(103)	4,711	44,879	89,490

The notes on pages 10 to 37 form an integral part of these financial statements.

BlackRock Saudi Arabia

Statement of Changes in Equity for the Year Ended 31 December 2023

	Share capital SAR 000	Statutory reserve SAR 000	Foreign currency translation reserve SAR 000	Other reserves SAR 000	Share-based payment reserve SAR 000	Retained earnings SAR 000	Total SAR 000
At 1 January 2022	35,000	2,341	55	(667)	1,888	21,168	59,785
Profit for the year	-	-	-	-	-	8,543	8,543
Other comprehensive income	-	-	61	500	-	(100)	461
Total comprehensive income	-	-	61	500	-	8,443	9,004
Transfer to statutory reserve	-	854	-	-	-	(854)	-
Share-based payment transactions	-	-	-	-	186	(187)	(1)
At 31 December 2022	35,000	3,195	116	(167)	2,074	28,570	68,788

The notes on pages 10 to 37 form an integral part of these financial statements.

BlackRock Saudi Arabia

Statement of Cash Flows for the Year Ended 31 December 2023

	Note	2023 SAR 000	2022 SAR 000
Cash flows from operating activities			
Profit for the year		18,365	8,543
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	793	40
Depreciation on right of use assets	5	2,814	1,971
End of service benefit provision		286	(276)
Foreign exchange loss	5	21	144
Finance costs	6	330	30
Share based payment transactions	7	2,637	186
Income tax expense	9	5,825	2,750
		31,071	13,388
Working capital adjustments			
Increase in trade and other receivables	12	(30,212)	(10,475)
Increase in trade and other payables	19	2,903	3,942
(Increase)/decrease in other reserves		(254)	317
Cash generated from operations		3,508	7,172
Benefits paid directly	20	(17)	(76)
Income taxes paid		(3,313)	(1,515)
Net cash flow from operating activities		178	5,581
Cash flows from investing activities			
Acquisitions of property, plant and equipment	10	(9,823)	(468)
Cash flows from financing activities			
Finance costs	6	(330)	(30)
Payments on lease liabilities	17	(2,252)	(1,977)
Equity-settled share-based payment recharge		(206)	(187)
Net cash flows from financing activities		(2,788)	(2,194)
Net (decrease)/increase in cash and cash equivalents		(12,433)	2,919
Cash and cash equivalents at 1 January		60,077	57,158
Cash and cash equivalents at 31 December	13	47,644	60,077

The notes on pages 10 to 37 form an integral part of these financial statements.

1 General information

The Company is a single shareholder closed joint stock company registered under commercial registration number 1010479419 dated 19 Rabi I, 1440H (27 November 2018). The Company is owned 100% by BlackRock Group Limited.

The address of its registered office is:
7976 Salim Ibn Abi Bakr Shaikan
2223 West Umm Al Hamam Dist.
Riyadh
12329

These financial statements were authorised for issue by the Board on 20 March 2024.

Principal activity
Since 2018, the Company has been licenced to conduct securities arranging and advising services, pursuant to the Saudi Arabian General Investment Authority ("SAGIA") license number 10211391284420 dated 5 Thul-Hijja 1439H (16 August 2018) and the Capital Market Authority ("CMA") license number 18-192-30 dated 4 Thu-Qida 1439H (17 July 2018). On 17th February 2022, it received an additional license to manage investment funds and client portfolios.

2 Accounting policies

Summary of material accounting policies and key accounting estimates
The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
The financial statements have been prepared in accordance with IFRS, as endorsed by the Saudi Organisation for Chartered and Professional Accountants ("SOCPA") in the Kingdom of Saudi Arabia as well as other standards and pronouncements issued by SOCPA.

The financial statements have been prepared on the historical cost basis, except where IFRS as endorsesd in the Kingdom of Saudi Arabia requires an alternative basis of accounting.

Consideration of climate risk
In preparing the financial statements, the directors have considered the implications of climate related risk and have concluded that there has been no material impact identified on the financial reporting judgements and estimates or on the valuation of the Company's assets and liabilities.

Going concern
After making appropriate enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of this report. Accordingly, the Company continues to adopt the going concern basis of accounting in preparing the financial statements.

2 Accounting policies (continued)

Changes in accounting standards

New standards, interpretations and amendments adopted

None of the standards, interpretations and amendments issued by the International Accounting Standards Board ("IASB") which are effective for the first time from 1 January 2023 have had a material effect on the financial statements.

New standards, interpretations and amendments not yet adopted

None of the standards, interpretations and amendments issued by the IASB which are effective for periods beginning after 1 January 2023 and which have not been adopted early are expected to have a material effect on the financial statements.

Revenue recognition

Recognition

The Company earns revenue from the provision of services relating to advisory services and fees from group companies. Revenue is recognised upon transfer of control of promised services to customers, i.e. when (or as) a performance obligation is satisfied, in an amount that reflects consideration to which the Company expects to be entitled in exchange for those services (the "transaction price"), net of value added tax. The Company enters into contracts that can include multiple services and, in certain instances, may charge a "unitary fee" to cover these services. Such fees are accounted for separately if they are determined to be distinct. Consideration for the Company's services is generally in the form of variable consideration because the amount of fees is subject to market conditions that are outside the Company's influence. The Company includes variable consideration as part of its transaction price when it is highly probable that a significant reversal will not occur, i.e. when the associated uncertainty is resolved. For some contracts with customers, the Company involves third parties and related parties in providing services to the customer. Generally, the Company is deemed to be the principal in these arrangements because the Company controls the promised services before they are transferred to customers, and accordingly presents the revenue gross of related costs.

2 Accounting policies (continued)

Fee arrangements

Revenue from the provision of services comprises:

- Advisory service fees: Advisory service fees represent aggregate fees and may include fixed-rate and performance fees. Advisory fixed-rate fees are recognised over time as the related services are performed. Fees are generally invoiced quarterly in arrears. Advisory performance fees are dependent upon meeting agreed criteria. They are recognised when it is highly probable that a significant reversal will not occur. Significant judgement is involved in making such a determination at each reporting date. A portion of the fees the Company recognises may be partially related to the services performed in prior periods that meet the recognition criteria in the current period.
- Fees from group companies: The Company provides client services to other BlackRock entities. Such services are undertaken in accordance with legal agreements in place between the relevant entities, and the associated fees are determined in accordance with the arm's length principle. Fees from group companies are recognised as the services are performed.

Foreign currency transactions and balances

The financial statements are presented in Saudi riyal. The currency of the primary economic environment in which the Company operates is US dollars (its functional currency). The directors of the Company have approved the adoption of Saudi riyal as the presentation currency in order to provide a better understanding of the Company.

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items are recognised in the income statement in the period in which they arise. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences on non-monetary items measured at fair value through profit or loss ("FVTPL") are reported as part of the fair value gain or loss in the income statement in the period in which they arise. Exchange differences on non-monetary items measured at fair value through other comprehensive income ("FVTOCI") are reported as part of the fair value gain or loss in other comprehensive income in the period in which they arise.

The assets and liabilities of the Company's operations are translated into the Company's presentation currency, which is Saudi riyal, using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

2 Accounting policies (continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis or to realise the asset and settle the liability simultaneously.

Current and deferred tax are recognised in the income statement, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

VAT

The Company is subject to VAT in accordance with the regulations in the Kingdom of Saudi Arabia. Output VAT related to revenue is payable to tax authorities on the earlier of (a) collection of receivables other than transfer pricing receivables or (b) rendering of services to customers. Input VAT is generally recoverable against output VAT upon receipt of a VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to services and purchases is recognised in the statement of financial position on a net basis and disclosed as a current asset or a liability.

VAT that is not recoverable is charged to the income statement as an expense.

Property and equipment

Property and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and impairment losses.

The cost of property and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

2 Accounting policies (continued)

Depreciation
Depreciation is charged so as to write-off the cost less estimated residual value of non-current assets over their estimated useful lives as follows:

Asset class	*Depreciation method and rate*
Furniture, fittings and equipment	Straight-line basis over three to seven years
Short-term leasehold property	Straight-line bases over the shorter of the estimated useful life or term of the lease
Right-of-use assets	Straight-line basis over the shorter of estimated useful life or the term of the lease

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property or equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property or equipment is determined by the difference between sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Impairment of non-financial assets
All of the Company's non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows; cash-generating unit ("CGU"). Value-in-use represents the present value of projected future cash flows expected to be derived from a CGU. Impairment losses for CGUs reduce first the carrying amount of any goodwill allocated to that CGU. Any remaining impairment loss is charged pro rata to the other assets in the CGU.

Other financial assets
Other financial assets comprise those financial assets acquired for business operations and strategic business objectives.

Share-based payments
The ultimate parent company, BlackRock, Inc., issues equity-settled share-based payments to certain employees of the Company. The fair values of equity-settled schemes are determined at the grant date and expensed on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was, in substance, multiple awards, based on the group's estimate of awards that will eventually vest and adjusted for the effect of non-market based vesting conditions. Details of the share-based payment schemes in existence are provided in note 18 and the expense arising from share-based compensation is disclosed in note 7.

2 Accounting policies (continued)

Employees' benefits
A provision is made for the full amount of end of service benefits due to employees in accordance with the Company's policy, which is at least equal to the benefits payable in accordance with Saudi Arabian Labour Law, for their period of service up to the date of each reporting period. This provision is disclosed as a non-current liability.

The liability or asset recognised in the statement of financial position in respect of the defined end of service benefit plan is the present value of the defined benefit obligation at the end of the reporting year. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

Defined benefit costs are categorised as follows:

Service cost
Services costs, includes current service costs and past service costs, are recognised immediately in the income statement. Changes in the present value of the defined benefit obligation resulting for the plan amendments or curtailments are recognised immediately in the income statement as past service costs.

Interest cost
The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the income statement.

Re-measurement gains or losses
Re-measurement gains or losses arising from experience adjustments and changes in actuarial assumptions are recognised in the year in which they occur, directly in other comprehensive income.

Leases

Initial recognition and measurement

At lease commencement date, the Company recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of lease payments not yet paid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Variable lease payments not included in the measurement of the lease liability are included in administrative expenses. The Company has elected not to separate non-lease components and therefore lease payments include associated non-lease payments.

The right-of-use asset is initially measured at the amount of the lease liability adjusted for lease prepayments (net of any lease incentives received), the Company's initial direct costs and an estimate of restoration, removal and dismantling costs.

2 Accounting policies (continued)

Subsequent measurement

After the commencement date, the liability will be reduced for payments made and increased for the unwind of interest. It is remeasured to reflect any reassessment or modification, or if there are changes to fixed payments. The corresponding adjustment is reflected in the carrying value of the right-of-use asset.

The right-of-use asset is depreciated as disclosed in the accounting policy for property and equipment. The Company also assesses the right-of-use asset for impairment when such indicators exist.

Short-term and low value leases

The Company has elected not to recognise liabilities for leases of low-value assets or for leases with a term of 12 months or less. Lease payments on short-term and low value leases are accounted for on a straight-line basis over the term of the lease and are included in administrative expenses in the income statement.

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised on the trade date when the Company becomes party to the contractual provisions.

Financial assets are derecognised when the contractual rights to the cash flows expire, or when the financial asset and substantially all the risks and rewards are transferred. Financial liabilities are derecognised when the obligation is extinguished, discharged, cancelled or expired.

Classification and initial measurement of financial assets

All financial assets are initially measured at fair value adjusted for transaction costs (where applicable), except for trade receivables that do not contain a significant financing component which are measured at transaction price.

Financial assets are classified and subsequently measured, based on business model and contractual cash flow characteristics, at: amortised cost; FVTPL; or FVTOCI.

In the periods presented the Company does not have any financial assets categorised as FVTOCI or FVTPL.

All income and expenses relating to financial assets that are recognised in the income statement are presented within finance costs.

Foreign exchange gains or losses arising on financial assets at amortised cost are presented in the income statement within administrative expenses and disclosed in note 5.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost when their contractual cash flows are solely payments of principal and interest and they are held within a business model designed to hold the asset and collect its cash flows (and are not designated as FVTPL).

2 Accounting policies (continued)

The Company's cash and cash equivalents, trade and other receivables and other financial assets are measured at amortised cost using the effective interest method and income is recognised on this basis.

Impairment of financial assets
All debt-type financial assets not measured at FVTPL are assessed for impairment at each reporting date using a forward-looking approach by identifying expected credit losses ("ECLs").

Impairment provisions for trade receivables are recognised based on the simplified approach using the lifetime ECLs and the single loss-rate approach.

For other financial assets, where credit risk has not increased significantly since initial recognition, twelve month ECLs are recognised. For those where credit risk has increased significantly, lifetime ECLs are recognised.

For assets held at amortised cost any ECL is recognised in the income statement with a corresponding adjustment to the asset's carrying value through a provision account.

Classification and measurement of financial liabilities
Financial liabilities are initially measured at fair value and, where applicable, adjusted for transaction costs unless designated at FVTPL.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

The Company's financial liabilities at amortised cost are trade and other payables. The Company has no financial liabilities at FVTPL.

In the income statement interest-related charges are included within finance costs.

Foreign exchange gains or losses arising on financial liabilities at amortised cost are presented in the income statement within administrative expenses and disclosed in note 5.

Equity instruments
Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs. The Company's ordinary shares are classified as equity instruments.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Critical accounting judgements
There are no critical accounting judgements.

Key sources of estimation uncertainty
The key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are set out below.

Income taxes
The Company is subject to income tax and judgement is required in determining the provision for tax. During the ordinary course of business, there are many transactions for which the ultimate tax determination is uncertain. If it is not probable that the tax authority will accept an uncertain tax treatment, the Company measures the effect of the uncertainty using either the most likely amount or expected value method, depending on which method provides a better prediction of the resolution of uncertainty. To the extent that the final tax outcome is different from the amounts that were recorded, such differences will impact the income tax expense in the period in which such determination is made.

Full details are set out in note 9.

Deferred tax assets
Judgement is required by management to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits.

Full details are set out in note 9.

4 Revenue

The analysis of the Company's revenue for the year from continuing operations is as follows:

	2023 SAR 000	2022 SAR 000
Advisory fees	48,175	37,015
Fees from group companies	39,647	22,637
	87,822	59,652

The analysis of the Company's revenue for the year by geographical location is as follows:

	2023 SAR 000	2022 SAR 000
The Kingdom of Saudi Arabia	48,175	37,015
United Kingdom	29,110	20,741
United States of America	6,621	1,104
France	3,267	-
Ireland	649	792
	87,822	59,652

4 Revenue (continued)

Contract assets

Contract assets relate to the Company's conditional rights to consideration for services, primarily relating to accrued income for unbilled services. These are disclosed as accrued income in note 12. Contract assets are transferred to receivables when the rights become unconditional and billed to the client. These are disclosed as trade receivables in note 12.

The following table provides information about receivables and contract assets from contracts with customers.

	2023 SAR 000	2022 SAR 000
Trade receivables	27,700	5,500
Contract assets	15,942	12,648
	43,642	18,148

There were no significant changes in the contract asset balances during the year (2022: no significant changes).

5 Operating profit

Arrived at after charging/(crediting)

	2023 SAR 000	2022 SAR 000
Depreciation on right-of-use assets	2,814	1,971
Depreciation expense	793	40
Audit fees	224	282
Foreign exchange losses	21	144

6 Finance income and costs

	2023 SAR 000	2022 SAR 000
Finance costs		
Interest expense on leases	330	30

7 Staff costs

The aggregate payroll costs were as follows:

	2023 SAR 000	2022 SAR 000
Wages and salaries	20,420	14,261
Other employee expense	7,764	5,994
Equity-settled share-based payment expense	2,637	186
Social security costs	822	557
	31,643	20,998

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2023 SAR 000	2022 SAR 000
Aggregate emoluments	4,413	9,096
Company contributions in respect of defined contribution pension schemes	2	22
	4,415	9,118

The amounts included above are based on an allocation of the directors' time on the Company in addition to the salary costs of those employed directly by the Company.

During the year, no director (2022: no director) exercised BlackRock, Inc. share options.

9 Income tax

Tax charged/(credited) in the income statement:

	2023 SAR 000	2022 SAR 000
Current taxation		
Corporation tax	5,966	2,749
Corporation tax adjustments to prior periods	74	(519)
Deferred taxation		
Arising from origination and reversal of temporary differences	(217)	(28)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	2	548
Total deferred taxation	(215)	520
Tax expense in the income statement	5,825	2,750

The tax on profit before tax for the year is higher than (2022: higher than) the standard rate of corporation tax in Saudi Arabia of 20% (2022: 20%).

The differences are reconciled below:

	2023 SAR 000	2022 SAR 000
Profit before tax	24,190	11,293
Corporation tax at standard rate	4,838	2,259
Increase/(decrease) in current tax from adjustment for prior periods	74	(519)
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	911	462
Deferred tax expense from unrecognised temporary difference from a prior period	2	548
Total tax charge	5,825	2,750

Deferred tax

Deferred tax assets and liabilities

2023	Asset SAR 000	Liability SAR 000	Net deferred tax SAR 000
Accelerated tax depreciation	22	-	22
Other post-employment benefits	129	-	129
Other items	117	-	117
	268	-	268

9 Income tax (continued)

2022	**Asset SAR 000**	**Liability SAR 000**	**Net deferred tax SAR 000**
Accelerated tax depreciation	(14)	-	(14)
Other post-employment benefits	76	-	76
Other items	20	(16)	4
	82	(16)	66

Deferred tax movement during the year:

	At 1 January 2023 SAR 000	**Recognised in income SAR 000**	**Recognised in other comprehensive income SAR 000**	**At 31 December 2023 SAR 000**
Accelerated tax depreciation	(14)	36	-	22
Other post-employment benefits	76	66	(13)	129
Other items	4	113	-	117
	66	215	(13)	268

Deferred tax movement during the prior year:

	At 1 January 2022 SAR 000	**Recognised in income SAR 000**	**Recognised in other comprehensive income SAR 000**	**At 31 December 2022 SAR 000**
Accelerated tax depreciation	13	(27)	-	(14)
Other post-employment benefits	146	30	(100)	76
Provisions	521	(521)	-	-
Other items	5	(1)	-	4
	685	(519)	(100)	66

10 Property and equipment

	Leasehold improvements SAR 000	Furniture, fittings and equipment SAR 000	Construction in progress SAR 000	Total SAR 000
Cost				
At 1 January 2022	-	162	-	162
Additions	-	262	206	468
At 31 December 2022	-	424	206	630
At 1 January 2023	-	424	206	630
Additions	7,754	2,209	-	9,963
Adjustments	206	(140)	(206)	(140)
At 31 December 2023	7,960	2,493	-	10,453
Depreciation				
At 1 January 2022	-	135	-	135
Charge for year	-	40	-	40
At 31 December 2022	-	175	-	175
At 1 January 2023	-	175	-	175
Charge for the year	497	296	-	793
Adjustments	-	(140)	-	(140)
At 31 December 2023	497	331	-	828
Carrying amount				
At 31 December 2023	7,463	2,162	-	9,625
At 31 December 2022	-	249	206	455
At 1 January 2022	-	27	-	27

11 Right-of-use assets

	Property SAR 000
Cost	
At 1 January 2022	3,987
Additions	2,654
At 31 December 2022	6,641
At 1 January 2023	6,641
Additions	7,651
Disposals	(7,230)
At 31 December 2023	7,062
Depreciation	
At 1 January 2022	3,622
Charge for year	1,971
At 31 December 2022	5,593
At 1 January 2023	5,593
Charge for the year	2,814
Eliminated on disposal	(7,230)
At 31 December 2023	1,177
Carrying amount	
At 31 December 2023	5,885
At 31 December 2022	1,048

See note 17 for further information on leases.

12 Trade and other receivables

	31 December 2023 SAR 000	31 December 2022 SAR 000
Trade receivables	27,700	5,500
Accrued income	15,942	12,648
Receivables from group companies	7,289	1,362
Other receivables	352	8
Prepayments	397	1,950
	51,680	21,468

The fair value of those trade and other receivables classified as financial instrument loans and receivables is disclosed in note 21.

The Company's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables in disclosed in note 22.

13 Cash and cash equivalents

	31 December 2023 SAR 000	31 December 2022 SAR 000
Cash at bank	47,644	60,077

The interest rate on the cash at bank is 0% (2022: 0%).

14 Share capital

Allotted, called up and fully paid shares

	No. 000	31 December 2023 SAR 000	No. 000	31 December 2022 SAR 000
Ordinary shares of SAR 10 each	3,500	35,000	3,500	35,000

15 Statutory reserve

In accordance with the Companies By-Laws, the Company is required to transfer 10% of its net income annually to a statutory reserve until such reserves equal 30% of the paid up capital as a minimum. This reserve is not available for distribution to the shareholder.

15 Statutory reserve (continued)

	2023	2022
	SAR 000	SAR 000
At 1 January	3,195	2,341
Transfer to statutory reserve	1,837	854
At 31 December	5,032	3,195

16 Reserves

Foreign currency translation reserve

The exchange differences relating to the translation of the results and net assets of the Company's foreign operations from their functional currencies to the Company's presentation currency are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

Share-based payment reserve

The Company records the accumulated equity component of the share-based payment schemes it offers to its employees as a separate component of equity as allowed under IFRS 2 'Share-based Payment'.

Other reserve

The Company records the accumulated equity component of the end of service benefits it offers to its employees as a separate component of equity as allowed under IAS 19 'Employee Benefits'.

17 Leases

	31 December 2023 SAR 000	31 December 2022 SAR 000
Non-current	5,301	-
Current	1,167	1,068

The Company has a lease for its office building. The remaining lease term is 5 years (2022: 1 year). Payments which are variable in nature and do not depend on an index or rate may include common area maintenance charges and are expensed on the basis that they are not recognised as a lease liability.

In the current year, the lease for Olaya Towers ended and the Company entered into a new lease agreement for the Laysen Valley property.

17 Leases (continued)

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	31 December 2023 SAR 000	31 December 2022 SAR 000
Less than one year	1,432	1,076
1 - 5 years	5,730	-
Total lease liabilities (undiscounted)	7,162	1,076

Total cash outflow for leases for the year ended 31 December 2023 was SAR 2,581,000 (2022: SAR 2,007,000).

18 Share-based payments

Standard Restricted Stock Units

Employees of the Company may be granted share-based compensation in the form of restricted stock unit ("RSU") award schemes. RSUs are an unsecured promise to pay value in the form of BlackRock, Inc. shares. They do not carry voting rights until they are converted to shares. An RSU is deemed equivalent in fair market value to one common share. Substantially all awards are settled in common shares. Under these plans, such RSUs are restricted from sale, transfer or assignment until the end of the restricted period. Such shares and units are subject to forfeiture during the vesting period. All schemes are accounted for on an equity-settled basis.

RSUs are issued by the ultimate parent company, BlackRock, Inc., and are converted into shares of BlackRock, Inc. on each of the vesting dates. Substantially all RSUs vest over periods ranging from one to three years, although conditions vary between different types of award. Dividend equivalents on RSU awards granted are subject to forfeiture prior to vesting of the award, and as such are not paid to employees until that date.

The majority of RSU awards are granted with a service condition only. These awards are valued at their grant-date fair value as measured by the BlackRock, Inc. common stock price. The total fair value amortised over the vesting period is adjusted for future forfeitures based on management's best estimate of restrictions and behavioural considerations. The resulting expense was disclosed in note 7.

During the period, the Company awarded 4,253 (2022:652) service condition awards with a weighted average fair value of SAR 2,564.54 (2022: SAR 3,124.31).

19 Trade and other payables

	31 December 2023 SAR 000	31 December 2022 SAR 000
Accrued expenses	10,257	7,142
Amounts due to group companies	3,036	5,700
Other payables	2,463	11
	15,756	12,853

19 Trade and other payables (continued)

All amounts due to group companies are unsecured, interest free and repayable on demand.

The Company's exposure to market and liquidty risks, including maturity analysis, related to trade and other payables is disclosed in note 22.

20 End of service benefits

The movement in provision for end of service benefits is as follows:

	2023 SAR 000	2022 SAR 000
At 1 January	378	730
Benefits paid directly	(17)	(76)
Total expense recognised in the income statement	350	224
Total amount recongised in OCI	(64)	(500)
At 31 December	647	378

Principal actuarial assumptions (in respect of the employee benefit scheme)

	31 December 2023	31 December 2022
Discount rate (%)	5.22	4.81
Expected rate of salary increase (%)	3.5	3.5
Normal retirement age (years)	60	60
Plan duration (years)	14.75	15.68

Assumptions regarding future mortality are set based on actuarial advice in accordance with the published statistics and experience in the region.

20 End of service benefits (continued)

Sensitivity analysis of significant actuarial assumptions

The impact on profit of a change in assumptions is as follows:

	31 December 2023 SAR 000	31 December 2022 SAR 000
Discount rate - 0.5% higher	41	29
Discount rate - 0.5% lower	(45)	(26)
Expected salary increase rate - 0.5% higher	(46)	(26)
Expected salary increase rate - 0.5% lower	42	29

21 Classification of financial and non-financial assets and financial and non-financial liabilities

The classification of financial assets and financial liabilities by accounting categorisation for the year ending 31 December 2023 was as follows:

	Financial assets & liabilities at amortised cost SAR 000
Assets	
Current assets	
Trade and other receivables	35,341
Cash and cash equivalents	47,644
	82,985
Liabilities	
Current liabilities	
Trade and other payables	15,756
Current portion of long term lease liabilities	1,167
	16,923

21 Classification of financial and non-financial assets and financial and non-financial liabilities (continued)

The classification of financial assets and financial liabilities by accounting categorisation for the year ending 31 December 2022 was as follows:

	Financial assets & liabilities at amortised cost SAR 000
Assets	
Current assets	
Trade and other receivables	6,870
Cash and cash equivalents	60,077
	66,947
Liabilities	
Current liabilities	
Trade and other payables	12,853
Current portion of long term lease liabilities	1,068
	13,921

Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade and other receivables and trade and other payables.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, and trade and other payables approximates their value after taking into account ECLs. At the statement of financial position date, no allowance has been recognised for impairment of trade and other receivables as ECLs are considered to be immaterial.

22 Financial risk review

This note presents information about the Company's exposure to financial risks and management of capital.

Credit risk

Credit risk arises in relation to trade receivables, cash held in bank accounts and other asset investments. The risk of default in relation to trade receivables arising from fee income receivables is considered low and the Company minimises expsoure to credit risk with respect to trade receivables by actively pursuing settlement of outstanding invoices within the terms and conditions of the underlying agreement. Intercompany balances are managed centrally and agreed upon and settled on a regular basis.

Most receivables that are overdue are not considered to be impaired. A receivable will not be impaired unless the expected cash flows, discounted at the original effective interest rate, are less than the carrying value. For trade receivables, the Company adopts the simplified single loss rate approach to determine its average historical loss rate, building into this calculation future events and the likelihood that debt will be recovered in the future. The resulting ECL rate and allowance recognised is immaterial to the Company.

The Company applies a practical expedient to its assessment of ECLs for intercompany receivables. Given the lack of intercompany defaults in the past and future projected results, the Company does not propose recognising an ECL allowance on any of its intercompany positions. The ECLs on other receivables are considered to be immaterial and no allowance has been recognised in the financial statements.

The carrying amount of the financial assets disclosed in note 21 represents the Company's maximum exposure to credit risk as no collateral or credit enhancement are held.

Credit rating analysis
Standard & Poor's short-term credit ratings have been used to determine the credit quality of the entity's cash and cash equivalents and trade and other receivables. Cash held at banks is rated at least A-1+ and trade and other receivables are not rated.

Liquidity risk

The Company's definition of liquidity risk is the risk that the Company's cash and committed facilities may be insufficient to meet its payment obligations as they fall due.

The Company monitors cash flow projections and has regard to forthcoming liquidity when determining the amounts available for distribution to its shareholder.

The Company seeks to manage funds and liquidity requirements on a pooled basis and as such ensures that sufficient liquid assets and standby facilities are maintained to meet a prudent estimate of its net cash outflows.

Maturity analysis

The following tables set out the remaining contractual maturities of the Company's financial liabilities by type:

22 Financial risk review (continued)

2023	**Within 1 year**
Non-derivative liabilities	**SAR 000**
Current financial liabilities	15,756

2022	**Within 1 year**
Non-derivative liabilities	**SAR 000**
Current financial liabilities	12,853

Lease liabilities maturity analysis is disclosed in note 17.

Market risk

Market risk is the risk that the Company's capital and/or earnings may be impacted by changes in foreign exchange rates.

Foreign exchange risk

Foreign exchange risk arises where the Company's foreign currency assets are not matched by liabilities denominated in the same currency. In addition, foreign exchange exposures arise on a transactional basis largely in relation to fee income which is denominated in non-functional currencies. The Company derives revenues from advisory services in Saudi riyal and fees from group companies in US dollar. Expenses are mainly denominated in Saudi riyal and as a consequence the Company's revenues may fluctuate as a result of US dollar exchange movements.

Foreign currency exposures are monitored regularly and minimised. Foreign currency exposures that arise in relation to non-operational items are usually large in nature and are managed on a case-by-case basis.

Sensitivity analysis

The sensitivity analysis covers the financial instruments at each of the statement of financial position dates and assumes changes in market variables. It should however be noted that due to the inherent uncertainty in financial markets the actual outcome may differ significantly from the assumptions made particularly as market risks tend to be interdependent and are therefore unlikely to move in isolation.

US dollar exchange rates are assumed to increase or decrease by 20%. 20% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of a reasonably possible change in foreign exchange rates. Saudi riyal is pegged to US dollar.

If the US dollar exchange rate increased by 20%, profit would decrease by SAR 1,286,000 and equity would increase by SAR 1,295,500.

If the US dollar exchange rate decreased by 20%, profit would increase by SAR 1,286,000 and equity would decrease by SAR 1,295,500.

22 Financial risk review (continued)

Capital risk management

Capital management
The Company’s objectives when managing capital are:
• to safeguard the Company’s ability to continue as a going concern;
• to satisfy the requirements of its regulators; and
• to maintain financial strength to support new business growth.

The Company has made no significant changes to its policies and processes in respect of its capital structure during the year. The Company's policy is to maintain an appropriate level of capital resources above regulatory requirements. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

23 Related party transactions

Summary of transactions with other related parties
Other group companies provide support to certain investment management functions of the Company.

The Company and its related parties transact with each other in the ordinary course of business. The transactions with related parties are undertaken at mutually agreed terms which are approved by the management.

23 Related party transactions (continued)

Income and receivables from related parties

2023	Other related parties SAR 000
International retail revenue	20,597
Client business revenue	8,368
Real assets revenue	8,349
FMA revenue	2,333
	39,647
Amounts receivable from related parties	7,289

Amount receivable from related parties is detailed below:

	SAR 000
BlackRock France SAS	2,564
BlackRock Investment Management (UK) Limited	2,208
BlackRock Alternatives Managment, LLC	1,821
Global Energy & Power Infrastructure II Advisors, L.L.C.	484
BlackRock International Limited	109
BlackRock Asset Management Ireland Limited	103
	7,289

23 Related party transactions (continued)

2022	Other related parties SAR 000
International retail revenue	16,802
Client business revenue	5,835
	22,637

Amounts receivable from related parties	1,362

Amount receivable from related parties is detailed below:

	SAR 000
BlackRock Investment Management (UK) Limited	1,247
BlackRock International Limited	110
BlackRock Asset Management Schweiz AG	5
	1,362

23 Related party transactions (continued)

Expenditure with and payables to related parties

2023	**Other related parties SAR 000**
Cost of sales	12,614
Infrastructure charges	6,748
	19,362
Amounts payable to related parties	3,036

Amount payable to related parties is detailed below:

	SAR 000
Prestadora de Servicios Integrales BlackRock Mexico, S.A. de C.V.	2,296
BlackRock Financial Management, Inc.	440
BlackRock Advisors (UK) Limited - Dubai Branch	171
eFront SAS	91
BlackRock (Netherlands) B.V. - Paris Branch	30
BlackRock Asset Management Schweiz AG	6
BlackRock Asset Management North Asia Limited	1
BlackRock Institutional Trust Company, N.A.	1
	3,036

23 Related party transactions (continued)

2022	Other related parties SAR 000
Cost of sales	10,747
Infrastructure charges	3,425
	14,172
Amounts payable to related parties	5,700

Amount payable to related parties is detailed below:

	SAR 000
Prestadora de Servicios Integrales BlackRock Mexico, S.A. de C.V.	2,976
BlackRock Financial Management, Inc.	2,164
BlackRock Advisors (UK) Limited - Dubai Branch	560
	5,700

24 Parent and ultimate parent undertaking

The Company's immediate holding company is BlackRock Group Limited.The ultimate parent company and controlling party is BlackRock, Inc., a company incorporated in the State of Delaware in the United States of America. The parent company of the largest and smallest group that includes the Company and for which group accounts are prepared is BlackRock, Inc. Copies of the group financial statements are available upon request from the Investor Relations website at www.blackrock.com or requests may be addressed to Investor Relations at 50 Hudson Yards, New York, NY10001, USA or by email at invrel@blackrock.com.