BlackRock Saudi Arabia

(A Saudi Closed Joint Stock Company)

Annual Report and Financial Statements
with Independent Auditor's Report

for the Year Ended 31 December 2021

BlackRock Saudi Arabia

Contents

BlackRock Saudi Arabia

Business Report for the Year Ended 31 December 2021

The board of directors ("the Board") presents its report together with the audited financial statements of BlackRock Saudi Arabia (the "Company") for the year ended 31 December 2021.

Principal activity
The principal activities of the Company are to conduct securities arranging and advising services, pursuant to the Saudi Arabian General Investment Authority ("SAGIA") licence number 10211391284420 dated 5 Thul-Hijja 1439H (16 August 2018) and the Capital Market Authority ("CMA") licence number 18-192-30 dated 4 Thu-Qida 1439H (17 July 2018).

In addition to securities arranging and advising activities, the principal activity of the Company will change in 2022 to include of managing investment funds and operating funds, following approval by the CMA on 17 February 2022.

Dividends
Dividends of SAR nil were paid in the year ended 31 December 2021 (2020: SAR nil).

Directors of the Company
The directors, who held office during the year, were as follows:

M Al Issa (appointed 22 July 2021)

Y Almubarak

A Talhaoui

M Abujawdeh (resigned 22 July 2021)

L E Sadler (resigned 17 February 2022)

N J Charrington - Chairman of the Board (resigned 17 February 2022)

The following directors were appointed after the year end:

H E Sulaiman Algwaiz* - Chairman of the Board (appointed 17 February 2022)

T Mahmoud (appointed 17 February 2022)

*subject to obtaining approval of his appointment from the CMA.

Members of the Audit Committee
A Talhaoui

L Sadler

N J Charrington

Corporate strategy
The Company is part of BlackRock, Inc. ("BlackRock"), a leading publicly traded investment management firm with $10.01tn in assets under management ("AUM") as at 31 December 2021. With approximately 18,400 employees in more than 30 countries who serve clients in over 100 countries, BlackRock provides a broad range of investment and technology services to institutional and retail clients worldwide.

Corporate strategy is developed and reviewed at a global and regional level. This Business Report will therefore focus on both global and regional industry trends and areas of strategic focus, while relating them to the services that the Company provides.

Purpose

BlackRock's purpose is to help more and more people experience financial well-being. BlackRock's clients, and the people they serve, are saving for retirement, paying for their children's educations, buying homes and starting businesses. Their investments are also helping to strengthen the global economy: support businesses small and large; finance infrastructure projects that connect and power cities; and facilitate innovations that drive progress. BlackRock is committed to advancing:

- *Financial wellbeing*: helping millions of people invest to build savings that serve them throughout their lives;
- *Investment access:* making investing easier and more affordable;
- *Sustainable outcomes*: advancing sustainable investing because the group believes it delivers better outcomes for investors; and
- *Inclusive economies*: contributing to a more resilient economy that benefits more people.

Industry profile

Global

BlackRock's diverse platform of alpha-seeking active, index and cash management investment strategies across asset classes enables the firm to tailor investment outcomes and asset allocation solutions for clients. Product offerings include single and multi-asset portfolios investing in equities, fixed income, alternatives and money market instruments. Products are offered directly and through intermediaries in a variety of vehicles, including open-ended and closed-ended mutual funds, *iShares*® exchange-traded funds ("ETFs"), separate accounts, collective investment trusts and other pooled investment vehicles. BlackRock also offers technology services, including the investment and risk management technology platforms, *Aladdin*®, Aladdin Wealth, *eFront*®, Cachematrix and FutureAdvisor, as well as advisory services and solutions to a broad base of institutional and wealth management clients. BlackRock is highly regulated and manages its clients' assets as a fiduciary. BlackRock does not engage in proprietary trading activities that could conflict with the interests of clients.

BlackRock serves a diverse mix of institutional and retail clients, with a regionally focused business model. Footprints in the Americas, EMEA and Asia-Pacific regions reflect strong relationships with intermediaries and an established ability to deliver global investment expertise in funds and other products tailored to local regulations and requirements. BlackRock leverages the benefits of scale across global investment, risk and technology platforms while at the same time using a local distribution presence to deliver solutions for clients. Furthermore, BlackRock's structure facilitates strong teamwork globally across both functions and regions in order to enhance the ability to leverage best practices to serve clients and continue to develop talent.

Across BlackRock, more clients are focusing on the impact of sustainability on their portfolios. This shift has been driven by an increased understanding of how sustainability-related factors can affect economic growth, asset values, and financial markets as a whole. As a fiduciary, BlackRock is committed to helping clients build more resilient portfolios. Since sustainable investment options have the potential to offer clients better outcomes, BlackRock is making sustainability integral to the way in which the firm manages risk, constructs portfolios, designs products, and engages with companies. Over the past several years, BlackRock has been deepening the integration of sustainability into technology, risk management, and product choice and plans to accelerate those efforts.

Areas of strategic focus
Against the industry profile and key industry trends the Company, as part of the global group, will seek to deliver value for shareholders over time by, among other things, capitalising on BlackRock's differentiated competitive positioning, including:

- BlackRock's focus on strong performance providing alpha for active products and limited or no tracking error for index products;
- BlackRock's global reach and commitment to best practices around the world, with approximately 50% of employees outside the United States serving clients locally and supporting local investment capabilities. Approximately 40% of total AUM is managed for clients domiciled outside the United States;
- BlackRock's breadth of investment strategies, including market-cap weighted index, factors, systematic active, traditional fundamental active, high conviction alpha and illiquid alternative product offerings, which enhance its ability to tailor single and multi-asset investment solutions to address specific client needs;
- BlackRock's differentiated client relationships and fiduciary focus, which enable effective positioning toward changing client needs and macro trends including the secular shift to index investing and ETFs, a focus on income and retirement, increasing demand for sustainable investment strategies and barbelling using index, active and illiquid alternatives products; and
- BlackRock's longstanding commitment to innovation, technology services and the continued development of, and increased interest in, BlackRock technology products and solutions, including *Aladdin*®, Aladdin Wealth, Cachematrix and FutureAdvisor. This commitment is further extended by minority investments in distribution technologies including Scalable Capital, iCapital, Acorns and Envestnet.

Business review
Following conclusion of the legal formalities, including updating the commercial registration, SAGIA licence and By-Laws, BlackRock Saudi Arabia’s capital increased from SAR 12.2m to SAR 35m. The nature of the Company’s business, operations and the factors determining the level of regulatory capital have not changed during 2021.

The capital injection came as a result of the Company applying to extend its licence permissions to include a Managing licence, encompassing the activities of managing investment funds and operating funds. This licence was granted by the CMA on 17 February 2022 and is expected to attract strategic partnerships with the government and corporations in Saudi Arabia, diversify services through BlackRock managed solutions and open additional distribution channels on the sales and distribution front to grow AUM.

Throughout the reporting period, the Company has continued to focus on expanding its local client base and increased the number of employees to support growth in the business. As a result, the Company has been able to attract new clients to its advisory business.

Key performance indicators

Revenue
The Company's total revenue increased by 5% in 2021 to SAR 32.6m compared to SAR 30.9m in 2020. A decrease in fees from group companies of SAR 7.7m was offset by advisory fee revenue of SAR 9.4m.

Cost of sales
Cost of sales of SAR 8.7m have been recognised in relation to the new advisory fee revenue.

Administrative expenses
Administrative expenses increased by 40% to SAR 14.5m in 2021 from SAR 10.4m in 2020. This is primarily due to an increase in staff costs and outsourcing expenses as a result of Company growth.

Principal risks and uncertainties
The Board is responsible for the Company's system of risk management and internal control and for reviewing its effectiveness.

The Board has considered a number of potential risks and uncertainties affecting the Company's business in conducting securities arranging and advisory services and has established associated policies and processes designed to manage and, where possible, mitigate those risks, which are monitored by the Board and the Audit Committee on an ongoing basis.

This system assists the Board in determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives. Both the principal risks and the monitoring system are also subject to robust assessment at least annually.

Actions taken by the Board and the Audit Committee to manage and mitigate the Company's principal risks and uncertainties are set out as follows:

Market risk
Risk description: market risk represents the risk that a significant market downturn will impact the Company's fee revenue or the value of its statement of financial position holdings. As the Company does not undertake trading on its own account, market risk is the risk associated with failure to realise the full value of the Company's assets and liabilities as a result of flucuations in foreign exchange ("FX") rates.

Risk mitigation: market risk to revenue is regularly monitored to reflect any changes in revenue drivers and market conditions. Market risk to revenues is mitigated via the Company's business model: a significant portion of the Company's cost structure is variable and, as such, can be adjusted by management rapidly to respond to market conditions. Market risk’s impact on the statement of financial position is regularly monitored by the Treasury and Finance teams to reflect any changes in the statement of financial position positions and composition.

Credit risk
Risk description: credit risk is the risk that a counterparty to the Company defaults or deteriorates in creditworthiness before the final settlement of a corporate transaction or other credit obligation. Credit risk exposure may also occur through the normal course of business from client fee receivables (which may not be paid) and from the investment of corporate cash.

Risk mitigation: the Company minimises its exposure by actively pursuing settlement of outstanding invoices within the terms and conditions of the underlying agreement. Intercompany balances are managed centrally and are settled on a regular basis. The Treasury and Risk and Quantitative Analysis departments continuously monitor the creditworthiness of HSBC, the Company’s main corporate bank.

Capital adequacy
Risk description: capital adequacy risk is the risk that the Company has an insufficient level or composition of capital to support its normal business activities and to meet its regulatory capital requirements under normal operating environments or stressed conditions (both actual and as defined for internal planning or regulatory testing purposes).

Risk mitigation: the Company is subject to certain regulatory capital requirements, which require the Company to maintain capital to support certain of its regulated business activities. 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.

Corporate liquidity risk
Risk description: corporate liquidity risk is the risk that the Company is not able to meet its financial obligations as they come due without adversely impacting its financial position, its ability to operate its normal course of its business, or its reputation.

Risk mitigation: the Company's parent, BlackRock Group Limited, has a liquidity governance framework and policy that are designed to: identify, quantify, forecast and monitor the Group's liquidity needs, risks and requirements; maintain liquidity resources in excess of requirements; and maintain an appropriate governance and controls framework for the usage and allocation of corporate liquidity.

Corporate tax risk
Risk description: corporate tax risk is the risk of financial loss, reputational damage and/or loss of investor confidence arising from failure to comply with local tax regulations; ineffective controls over tax accounting or reporting; failure to manage changes in taxation rates, law, ownership, or corporate structure; or failure to disclose accurate information on a timely basis. This risk also arises where the Company's own tax treatments, policies or procedures are subject to interpretation by tax authorities that differ from the Company's or its advisors' interpretations. This can lead to the Company needing to adjust its structures, practices or strategies.

Risk mitigation: the Company's controls around tax reporting are designed to prevent errors and ensure compliance with disclosure requirements within prescribed timeframes. The Company seeks to comply with all relevant accounting and regulatory disclosure requirements to mitigate the risk of any public restatements of financial reporting information.

Non-financial (operational) risks
Risk description: non-financial risks are operational risks that arise from events or actions, other than financial transactions, that can negatively impact the operations, assets or reputation of the Company. These risks may, but do not always have, an adverse financial impact, and are often the result of inadequate internal processes, controls, people or systems, or external events. Key non-financial operational risks facing the Company include:

- *Operational (process) risk*: risk of financial loss or regulatory/reputational impact resulting from inadequate or failed internal processes and controls, human error, or systems, which may occur within the Company's internal operations across the client and trade lifecycles.
- *Compliance risk:* risk that the Company's services, activities or operations are not conducted in compliance with applicable law and regulations, including those laws and regulations which impose fiduciary obligations, that conflicts of interest are not appropriately mitigated or that there is a failure to appropriately manage regulatory reporting requirements.
- *Technology resilience risk:* risk arising from the inability to provide, maintain or recover key technology platforms, such as Aladdin®. Examples include a system outage or disruption, software or technology infrastructure failure (e.g., servers, storage devices, network components).

- *Information security risk*: risk arising from the inability to meet confidentiality, integrity, or availability requirements of Company information. Information security risk can also be described as failure to protect the Company against internal or external security threats, including accidents or malicious attacks by personnel, attacks by outsiders, and breaches at third parties, among others. Information security incidents may lead to material financial loss, loss of competitive position, regulatory actions, a breach of client contracts, reputational harm, or legal liability.
- *Financial crime risk:* risk arising from the failure to prevent external or internal parties from gaining access to, or utilising, company assets for criminal purposes or the failure to adhere to relevant laws and regulations or have adequate systems and controls to demonstrate appropriate compliance in relation to money laundering, breaches of economic sanctions, fraud (internal and external) and bribery and corruption.
- *Corporate resilience risk:* risk of physical damage or harm to the Company's properties, assets or personnel. This includes: business continuity - inability to sustain operations due to the loss of or the inability to access facilities and/or unavailability of personnel; physical security risk - physical security issues resulting in an adverse impact to assets or personnel; and health and safety risk - workplace health and safety incidents resulting in injury, death or legal/regulatory sanctions and fines.
- *Third party risk:* risk of financial loss or operational, regulatory, reputational harm to the Company or its clients from inadequate or failed controls, processes or systems managed or supported by third parties. The Company's use of third parties does not diminish its responsibility to ensure that outsourced activities are performed in a safe and sound manner and in compliance with applicable laws.
- *People/culture risk:* risk of failure to maintain appropriate key talent management practices and human resources operational activities, which could adversely affect the Company's performance and reputation and its ability to attract and retain staff. This risk also includes the risk associated with employee relations disputes arising from the behaviour of employees and potential lawsuits.
- *Financial reporting risk:* risk resulting from ineffective internal controls over financial reporting or failure to prepare and/or disclose accurate information in financial statements, which could have a materially adverse impact on the Company's reputation and lead to increased scrutiny, regulatory oversight, and potential public restatements, fines or fraud.

Risk mitigation: the Company, as part of the 'BlackRock Group Limited' group, has a well-established operational risk management framework that provides appropriate control and oversight over risk management arrangements. The operational risk management framework supports the Company's fiduciary obligations to clients and mitigates the risk of poor customer outcomes. The Company has adopted a risk management framework based on a three lines of defence model comprised of the following three elements:

- Risk governance, including setting risk tolerances, establishing policies and procedures, establishing regional and global risk committees and overseeing the risk management framework.
- Risk identification and assessment, including identifying the Company's key risks and emerging risks, identifying business unit risk through tools such as risk and control self-assessments and regular meetings with business units, reviewing new products and major changes and reviewing internal and external operating events.
- Risk monitoring and measurement, quantifying and forecasting risks and monitoring against risk tolerances. This includes monitoring and investigating operating events, and recording them in a database of operating events, establishing and monitoring key risk indicators in the context of the Company's risk tolerance.

Reputational risk
Risk description: reputational risk is the risk arising from an adverse perception on the part of existing and potential stakeholders, overseers and business partners (e.g. clients, regulators, government bodies, trading counterparties and suppliers) that could negatively impact revenue, earnings, brand value, and customer retention.

Risk mitigation: BlackRock's reputation is one of its most important assets and BlackRock expects all of its employees to act with the highest level of integrity with clients and in markets. As a client-focused business, BlackRock considers reputational risk to be a fundamental aspect of all business and risk management activities. Reputational risk exposure is an integral part of the Company's Enterprise Risk Management Framework and a key focus for internal control processes around strategic decisions, products and services, operational processes, corporate governance, responsibility and communications, client and other external relationships.

Strategy/business risk
Risk description: strategy/business risk arises from adverse business decisions or improper implementation of those decisions that could negatively impact revenue, earnings, and brand value. This includes adverse impact from factors such as competition, structural industry changes, asset class shifts, geopolitical instability, macro-economic conditions, falling behind industry changes or relationships with other entities. This risk is a function of the alignment between the Company's strategic goals, the business strategies developed to achieve those goals, the resources deployed against these goals, and the quality of implementation. It also covers business concentration risks (e.g. earnings, client, investment strategy, third party provider concentration) and legal risks in relation to agreements with clients, employees or suppliers.

- *Climate risk:* a growing awareness of the ongoing and potential future impact of climate change is shifting the views and expectations of BlackRock's key stakeholders including clients, regulators, shareholders, employees and the broader public as well as the way we think about climate risks as an investment risk. Climate change poses risks and opportunities that may impact the companies in which BlackRock invests on behalf of its clients. The risk arises both in terms of the physical risk associated with rising global temperatures, and also transition risk, namely, how the global transition to a low-carbon economy could affect a company's long-term profitability. The investment risks presented by climate change are set to accelerate a significant reallocation of capital, which will in turn have an impact on the pricing of risk and assets around the world.

Risk mitigation: the Company mitigates strategy / business risk by making extensive efforts to respond to industry uncertainties and business opportunities. The Company also anticipates business environment changes and then implements the necessary changes to generate better outcomes for the Company and its clients.

In relation to risks posed by climate change, BlackRock has committed to put sustainability at the centre of risk management, portfolio construction, product design and Company engagement. The commitment has been widely communicated to stakeholders, including a letter to shareholders during January 2021, which can be accessed at the following link:

https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter.

Conduct risk
Risk description: conduct risk is the risk arising from inappropriate behaviour by the Company and/or its employees which leads to detriment to the Company or its clients or has a negative impact on market integrity.

Risk mitigation: conduct risk is present in all of the Company's activities and responsibility for managing conduct risk is embedded throughout the Company's organisational and governance arrangements. All employees are expected to follow the BlackRock Principles and the Code of Business Conduct and Ethics. One of the Company's core principles is 'We are a fiduciary to our clients' and BlackRock expects all of its employees to put clients' interests first, to comply with all regulations, to abide by the law and to act with the highest level of integrity with clients and in markets.

Public policy risk

Risk description: public policy risk is the risk of implementation of policies and regulations by legislative bodies, regulators, industry self-regulatory organisations, or other official sector standard setters that adversely impact the Company's business model and ability to optimally deliver for clients in accordance with the Company's fiduciary duty. These risks range from regulation of the Company related to the size, to restrictions on activities central to the Company's business model, to certain foreign policies that impact its ability to conduct business, access markets, and expand overseas.

BlackRock's business and operating activities are subject to regulatory oversight internationally, and the Company may be affected by a number of reform initiatives.

Such regulatory reforms could require the Company to alter its future business or operating activities, which could be time-consuming and costly, impede the Company's growth and cause its revenue and earnings to decline. Regulatory reform may also impact BlackRock's internationally-based clients, which could cause them to change their investment strategies or allocations in manners that may be adverse to BlackRock.

Risk mitigation: BlackRock ensures that it monitors publications issued by regulators and other bodies on a daily basis in order to identify consultations, new regulation, legislation and changes to rules which may impact on BlackRock's business or on any compliance procedures. This monitoring is complemented by content from external policy advisors and trade associations to ensure BlackRock is up-to-date with all regulatory and legislative reforms that impact its activities across the globe.

BlackRock's Legal and Compliance department undertakes detailed analysis of forthcoming regulatory and legislative change to understand the implications of such change. Where necessary, BlackRock will engage with external policy advisors for independent assessments, and will engage with peers, including through trade association meetings, to discuss forthcoming changes. Risk-based monitoring is conducted post-implementation to review delivery of regulatory driven change.

Group risk

Risk description: group risk is the risk that the financial position of the Company may be adversely impacted by its relationships with other entities in the BlackRock group or by risks that may affect the financial position of the whole group. As a member of the BlackRock group, the Company faces the risk that decisions made by, or circumstances impacting BlackRock group entities, may either directly impact the Company or may 'spill-over' and have an impact on the Company. These could include, but are not limited to strategic mergers or acquisitions, divestiture decisions, severe financial distress, reputational damage or decisions regarding the ability or willingness to provide services to the Company.

Risk mitigation: group risk is mitigated by the Company's senior management and control functions being represented in the BlackRock's global decision-making bodies, and by the Company having documented contractual arrangements for services with the other group companies.

Statement of directors' responsibilities

The directors acknowledge their responsibilities for preparing the annual report and financial statements in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), as endorsed in the Kingdom of Saudi Arabia by the Saudi Organisation for Chartered and Professional Accountants ("SOCPA").

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as endorsed in the Kingdom of Saudi Arabia have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with local legislation and IFRS. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Going concern

The directors believe that the Company is well placed to manage its business risks successfully. After making enquiries and considerations explained in note 2, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Supplier engagement

BlackRock uses suppliers to help support and enhance its business activities. It has formal processes and procedures in place to manage supplier risk and service delivery, such as regular performance reviews for key suppliers. In addition, BlackRock maintains a Supplier Code of Conduct & Ethics which outlines the minimum expectations and standards of all suppliers in relation to human rights, inclusion and diversity, environmental sustainability, integrity and ethics in management practices.

Employee consultation

It is the Company's policy that there should be effective communication with all employees who, subject to practical and commercial considerations, should be consulted on and involved in decisions that affect their current jobs or future prospects.

Disabled employees

Applications for employment by disabled persons are fully and fairly considered having regard to the aptitudes and abilities of each applicant. Efforts are made to enable any employees who become disabled during employment to continue their careers with the Company. Training, career development and promotion of disabled persons is, as far as possible, identical to that of other employees.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on 23 March 2022 and signed on its behalf by:

....

A Talhaoui

Director

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of BlackRock Saudi Arabia – a Closed Joint Stock Company (the "Company"), which comprise the statement of financial position as at December 31, 2021, and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as 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 professional code of conduct and ethics 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Other information consists of the information included in the Company's annual report for the year ended December 31, 2021, other than the financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance. We have nothing to report in this regard.

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 IFRS as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by SOCPA, Company's By-laws and the applicable requirements of Companies' regulations, 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, the 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.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Riyadh \ Tel: +966 11 206 5333 Fax: +966 11 206 5444
P.O.Box 69658 Riyadh 11557
Jeddah \ Tel: +966 12 652 5333 Fax: +966 12 652 2894
P.O.Box 15651 Jeddah 21454
AL Khobar \ Tel: +966 13 893 3378 Fax: +966 13 893 3349
P.O.Box 4636 AL Khobar 31952

INDEPENDENT AUDITOR'S REPORT (Continued)

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

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 misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as 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 as endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal controls 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 Company's internal controls.

- Evaluate the appropriateness of accounting policies used, the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exist 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 disclosure in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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 controls that we identify during our audit.

Al-Bassam & Co.
P.O. Box 4636
Al Khobar 31952
Kingdom of Saudi Arabia

البسام وشركاؤه
محاسبون قانونيون
رقم الترخيص ٥٢٠/١١/٣٢٣
C.R.1010385804
license 520/11/323
Al-Bassam & Co.
Certified Public Accountants

Ibrahim A. Al Bassam
License No.337
March 23, 2022
Shaban 20, 1443H

BlackRock Saudi Arabia

Income Statement for the Year Ended 31 December 2021

	Note	2021 SAR 000	2020 SAR 000
Revenue	4	32,558	30,901
Cost of sales		(8,727)	-
Gross profit		23,831	30,901
Administrative expenses		(14,489)	(10,327)
Other operating expenses		(55)	(56)
Operating profit	5	9,287	20,518
Finance costs	6	(17)	(29)
Profit before tax		9,270	20,489
Income tax expense	9	(2,125)	(4,398)
Profit for the year		7,145	16,091

The above results were derived wholly from continuing operations.

BlackRock Saudi Arabia

Statement of Comprehensive Income for the Year Ended 31 December 2021

	Note	2021 SAR 000	2020 SAR 000
Profit for the year		7,145	16,091
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Deferred taxes on actuarial gains on employee end of service benefit		21	111
Employee end of service benefit	20	(105)	(562)
		(84)	(451)
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation gains		49	4
Total comprehensive income for the year		7,110	15,644

The notes on pages 19 to 42 form an integral part of these financial statements.

BlackRock Saudi Arabia

Statement of Financial Position as at 31 December 2021

	Note	31 December 2021 SAR 000	31 December 2020 SAR 000
Assets			
Non-current assets			
Property and equipment	10	27	82
Right-of-use assets	11	365	878
		392	960
Current assets			
Trade and other receivables	12	10,993	8,037
Deferred tax asset	9	685	118
Income tax asset		589	-
Cash and cash equivalents	13	57,158	50,387
		69,425	58,542
Total assets		69,817	59,502
Equity and liabilities			
Equity			
Share capital	14	35,000	12,200
Proposed capital increase	14	-	22,800
Statutory reserve	15	2,341	1,626
Foreign currency translation reserve	16	55	6
Other reserves	16	(667)	(562)
Share-based payment reserve	16	1,888	1,082
Retained earnings		21,168	14,745
Total equity		59,785	51,897
Non-current liabilities			
Employees' benefits	20	730	562
Current liabilities			
Trade and other payables	19	9,302	2,696
Income tax liability	9	-	4,347
		9,302	7,043
Total liabilities		10,032	7,605
Total equity and liabilities		69,817	59,502

The notes on pages 19 to 42 form an integral part of these financial statements.

BlackRock Saudi Arabia

Statement of Financial Position as at 31 December 2021 (continued)

Approved by the Board on 23 March 2022 and signed on its behalf by:

....
A Talhaoui
Director

BlackRock Saudi Arabia

Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital SAR 000	Proposed capital increase 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 2021	12,200	22,800	1,626	6	(562)	1,082	14,745	51,897
Profit for the year	-	-	-	-	-	-	7,145	7,145
Other comprehensive income	-	-	-	49	(105)	-	21	(35)
Total comprehensive income	-	-	-	49	(105)	-	7,166	7,110
New share capital subscribed by transfer from proposed capital increase	22,800	(22,800)	-	-	-	-	-	-
Transfer to statutory reserve	-	-	715	-	-	-	(715)	-
Share-based payment transactions	-	-	-	-	-	806	(28)	778
At 31 December 2021	35,000	-	2,341	55	(667)	1,888	21,168	59,785

The notes on pages 19 to 42 form an integral part of these financial statements.

BlackRock Saudi Arabia

Statement of Changes in Equity for the Year Ended 31 December 2021 (continued)

	Share capital SAR 000	Proposed capital increase SAR 000	Statutory reserve SAR 000	Foreign currency translation reserve SAR 000	Other reserves SAR 000	Share-based bayment reserve SAR 000	Retained earnings SAR 000	Total SAR 000
At 1 January 2020	12,200	-	17	2	-	-	152	12,371
Profit for the year	-	-	-	-	-	-	16,091	16,091
Other comprehensive income	-	-	-	4	(562)	-	111	(447)
Total comprehensive income	-	-	-	4	(562)	-	16,202	15,644
Transfer to statutory reserve	-	-	1,609	-	-	-	(1,609)	-
Proposed share capital increase	-	22,800	-	-	-	-	-	22,800
Share-based payment transactions	-	-	-	-	-	1,082	-	1,082
At 31 December 2020	12,200	22,800	1,626	6	(562)	1,082	14,745	51,897

The notes on pages 19 to 42 form an integral part of these financial statements.

BlackRock Saudi Arabia

Statement of Cash Flows for the Year Ended 31 December 2021

	Note	2021 SAR 000	2020 SAR 000
Cash flows from operating activities			
Profit for the year		7,145	16,091
Adjustments to cash flows from non-cash items:			
Depreciation	5	55	56
Amortisation on right of use assets	5	1,290	1,195
Finance costs	6	17	29
Share-based payment transactions		778	1,086
End of service benefits expense/(adjustment)	20	149	(7)
Income tax expense	9	2,125	4,398
		11,559	22,848
Working capital adjustments:			
Increase in trade and other receivables	12	(2,956)	(4,731)
Increase/(decrease) in trade and other payables	19	7,083	(1,195)
Cash generated from operations		15,686	16,922
Income taxes paid		(7,608)	(100)
End of service benefits paid	20	(86)	-
Net cash flow from operating activities		7,992	16,822
Cash flows from investing activities			
Acquisitions of property and equipment	10	-	(49)
Cash flows from financing activities			
Proceeds from issue of ordinary shares, net of issue costs	14	-	22,800
Payments on lease liabilities	17	(1,270)	(1,244)
Foreign exchange gains or losses		49	-
Net cash flows from financing activities		(1,221)	21,556
Net increase in cash and cash equivalents		6,771	38,329
Cash and cash equivalents at 1 January		50,387	12,058
Cash and cash equivalents at 31 December		57,158	50,387

The notes on pages 19 to 42 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 (November 27, 2018). The Company is owned 100% by BlackRock Group Limited.

The address of its registered office is:
Level 29
Olaya Towers
Riyadh
11523

These financial statements were authorised for issue by the Board on 23 March 2022.

Principal activity
The principal activities of the Company are 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 license number 18-192-30 dated 4 Thu-Qida 1439H (17 July 2018).

In addition to securities arranging and advising activities, the principal activity of the Company will change in 2022 to include of managing investment funds and operating funds, following approval by the CMA on 17 February 2022.

2 Accounting policies

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

Basis of preparation
The financial statements have been prepared in accordance with IFRS, as endorsed by 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 endorsed in Saudi Arabia require other basis of accounting as stated in policy notes.

2 Accounting policies (continued)

Going concern

In assessing the going concern status, the directors have taken into account the Company's business activities, together with the factors likely to affect its future development, performance and position, along with principal risks and uncertainties, including the financial position of the Company and in particular the significant net-cash position. The Company has, at the date of this report, sufficient existing finances available for its estimated requirements for the next 12 months. This provides the directors with the confidence that the Company is well placed to manage its business risks successfully.

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, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Changes in accounting policy

New standards, interpretations and amendments adopted

None of the standards, interpretations and amendments effective for the first time from 1 January 2021 have had a material effect on the financial statements.

New standards, interpretations and amendments not yet adopted

None of the standards, interpretations and amendments which are effective for periods beginning after 1 January 2022 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

Below are details of fee arrangements and how these are measured and recognised, for revenue from the provision of services:

- Advisory services fees: Advisory services 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 group approved transfer pricing policy. Fees from group companies are recognised as the services are performed.

Foreign currency transactions and balances

The financial statements are prepared in Saudi riyal. The currency of the primary economic environments 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 in which 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, if any.

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, other than land and properties under construction, 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
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 (CGUs). 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.

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 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 categorized as follows:

Service cost
Service costs includes current service costs and past service cost are recognised immediately in the income statement. Changes in the present value of the defined benefit obligation resulting from 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 the 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. The lease payments are made up of fixed payments (including in-substance fixed), payments arising from purchase options (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments based on an index or rate. 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 in in-substance 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 assets for impairment when such indicators exist.

Variable lease payments not included in the measurement of the lease liability are included in operating expenses.

Short term and low value leases

The Company has elected not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less or low-value assets. 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 operating 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 or finance income.

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 and trade and other receivables 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, which are 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, which are at fair value with gains or losses recognised in the income statement.

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 gain 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)

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 discussed 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

	2021 SAR 000	**2020 SAR 000**
Fees from group companies	23,196	30,901
Advisory services fees	9,362	-
	32,558	30,901

Analysis by geographical location	**2021 SAR 000**	**2020 SAR 000**
United Kingdom	21,209	4,542
The Kingdom of Saudi Arabia	9,362	-
United States of America	1,987	26,359
	32,558	30,901

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 trade receivables when the rights become unconditional and billed to the client. These are disclosed as trade receivables in note 12.

4 Revenue (continued)

The following table summarises the significant changes in the contract assets during the year:

Contract assets	**2021** **SAR 000**
Trade receivables	4,100
Contract assets	5,797
	9,897

5 Operating profit

Arrived at after charging

	2021 **SAR 000**	**2020** **SAR 000**
Audit fees	129	100
Depreciation expense	55	56
Amortisation on right-of-use assets	1,290	1,195
Foreign exchange losses	131	69

6 Finance income and costs

	2021 **SAR 000**	**2020** **SAR 000**
Finance costs		
Interest expense on leases	17	29

7 Staff costs

The aggregate payroll costs were as follows:

	2021 **SAR 000**	**2020** **SAR 000**
Wages and salaries	5,864	3,357
Social security costs	267	150
Equity-settled share-based payment expenses	806	1,086
Other employee expenses	1,603	934
	8,540	5,527

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2021 SAR 000	2020 SAR 000
Aggregate emoluments	4,165	3,593
Company contributions in respect of defined contribution pension schemes	58	57
	4,223	3,650

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 (2020: no director) exercised BlackRock, Inc. share options.

9 Income tax

Tax charged/(credited) in the income statement

	2021 SAR 000	2020 SAR 000
Current taxation		
Corporation tax	2,671	4,347
Corporation tax adjustments to prior periods	-	56
Deferred taxation		
Arising from origination and reversal of temporary differences	(546)	(1)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	-	(4)
Total deferred taxation	(546)	(5)
Tax expense in the income statement	2,125	4,398

The tax on profit before tax for the year is higher than the standard rate of corporation tax in Saudi Arabia (2020: higher than) of 20% (2020: 20%).

9 Income tax (continued)

	2021 SAR 000	2020 SAR 000
Profit before tax	9,270	20,489
Corporation tax at standard rate	1,854	4,098
Increase in current tax from adjustment for prior periods	-	56
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	271	248
Deferred tax credit from unrecognised temporary difference from a prior period	-	(4)
Total tax charge	2,125	4,398

Deferred tax

Deferred tax assets and liabilities

2021	Asset SAR 000	Liability SAR 000	Net deferred tax SAR 000
Accelerated tax depreciation	13	-	13
Other post-employment benefits	146	-	146
Provisions	521	-	521
Other items	10	(5)	5
	690	(5)	685

2020	Asset SAR 000	Liability SAR 000	Net deferred tax SAR 000
Accelerated tax depreciation	7	-	7
Other post-employment benefits	113	-	113
Provisions	-	-	-
Other items	-	(2)	(2)
	120	(2)	118

9 Income tax (continued)

Deferred tax movement during the year:

	At 1 January 2021 SAR 000	Recognised in income SAR 000	Recognised in other comprehensive income SAR 000	At 31 December 2021 SAR 000
Accelerated tax depreciation	7	6	-	13
Other post-employment benefits	113	12	21	146
Provisions	-	521	-	521
Other items	(2)	7	-	5
Net tax assets/(liabilities)	118	546	21	685

Deferred tax movement during the prior year:

	At 1 January 2020 SAR 000	Recognised in income SAR 000	Recognised in other comprehensive income SAR 000	At 31 December 2020 SAR 000
Accelerated tax depreciation	2	5	-	7
Other post-employment benefits	-	2	111	113
Provisions	-	-	-	-
Other items	-	(2)	-	(2)
Net tax assets/(liabilities)	2	5	111	118

The Company has filed income tax return for the period ended 31 December 2020 and obtained the required certificate valid until 30 April 2022. The tax assessment since inception is under ZATCA review.

10 Property and equipment

	Furniture, fittings and equipment SAR 000
Cost	
At 1 January 2020	113
Additions	49
At 31 December 2020	162
At 1 January 2021	162
At 31 December 2021	162
Depreciation	
At 1 January 2020	24
Charge for year	56
At 31 December 2020	80
At 1 January 2021	80
Charge for the year	55
At 31 December 2021	135
Carrying amount	
At 31 December 2021	27
At 31 December 2020	82

11 Right-of-use assets

	Property SAR 000
Cost	
At 1 January 2020	2,068
Additions	1,142
At 31 December 2020	3,210
At 1 January 2021	3,210
Additions	777
At 31 December 2021	3,987
Amortisation	
At 1 January 2020	1,137
Charge for year	1,195
At 31 December 2020	2,332
At 1 January 2021	2,332
Charge for the year	1,290
At 31 December 2021	3,622
Carrying amount	
At 31 December 2021	365
At 31 December 2020	878

See note 17 for further information on leases.

12 Trade and other receivables

	Note	31 December 2021 SAR 000	31 December 2020 SAR 000
Accrued income		5,797	-
Trade receivables		4,100	-
Receivables from group companies	23	400	7,453
Prepayments		214	223
Other receivables		482	361
		10,993	8,037

12 Trade and other receivables (continued)

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 is disclosed in note 22.

13 Cash and cash equivalents

	31 December 2021 SAR 000	31 December 2020 SAR 000
Cash at bank	57,158	50,387

The interest rate on the cash at bank is 0% (2020: 0%).

14 Share capital

Allotted, called up and fully paid shares

	No. 000	31 December 2021 SAR 000	No. 000	31 December 2020 SAR 000
Ordinary shares of SAR 10 each	3,500	35,000	1,220	12,200

During the year, the commercial registration, SAGIA license and By-Laws were updated for the share capital increase amounting to SAR 22,800,000 (funds contributed during 2020) through the shareholder resolution dated 7 February 2021 corresponding to 10 Rabi' II, 1442H.

15 Statutory reserve

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

	2021 SAR 000	2020 SAR 000
At 1 January	1,626	17
Transfer to statutory reserve	715	1,609
At 31 December	2,341	1,626

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

The Company has a lease for its office building. The remaining lease term is 3 months.

In the current year, the lease was extended until March 2022. Accordingly, the right-of-use asset and lease liability were adjusted to reflect the extension.

Lease liabilities maturity analysis

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

	31 December 2021 SAR 000	31 December 2020 SAR 000
Less than one year	393	878

Total cash outflow for leases for the year ended 31 December 2021 was SAR 1,270,000 (2020: SAR 1,244,000).

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 share 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 is disclosed in note 7.

During the period the Company granted 191 (2020: 1,016) service condition awards with a weighted average fair value of SAR 2,772.71 (2020: SAR 1,073.35).

19 Trade and other payables

	Note	31 December 2021 SAR 000	31 December 2020 SAR 000
Accrued expenses		6,015	1,786
Amounts due to group companies	23	2,896	33
Lease liability	17	391	868
Social security and other taxes		-	9
		9,302	2,696

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

20 End of service benefits

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

	2021 SAR 000	2020 SAR 000
At 1 January	562	7
Current year adjustment	-	(7)
Benefits paid directly	(86)	-
Total expense recognised in the income statement	149	-
Total amount recognised in OCI	105	562
At 31 December	730	562

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

	31 December 2021	31 December 2020
Discount rate (%)	3.04	2.90
Expected rate of salary increase (%)	3.50	3.50
Normal retirement age (years)	60	60
Plan duration (years)	17.17	16.67

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

Sensitivity analysis on significant actuarial assumptions

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

	31 December 2021 SAR 000	31 December 2020 SAR 000
Discount rate - 0.5% higher	(57)	(43)
Discount rate - 0.5% lower	63	48
Expected salary increase rate - 0.5% higher	63	47
Expected salary increase rate - 0.5% lower	(57)	(43)

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 2021 was as follows:

	Financial assets & liabilities at amortised cost - Mandatory SAR 000
Assets	
Current assets	
Trade and other receivables	4,982
Cash and cash equivalents	57,158
Liabilities	
Current liabilities	
Trade and other payables	8,911

The classification of financial assets and financial liabilities by accounting categorisation for the period ending 31 December 2020 was as follows:

	Financial assets and liabilities at amortised cost - Mandatory SAR 000
Assets	
Current assets	
Trade and other receivables	7,707
Cash and cash equivalents	50,387
Liabilities	
Current liabilities	
Trade and other payables	1,828

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

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 and impairment

Credit risk arises in relation to trade receivables, surplus cash held in bank accounts or held on account with other BlackRock group companies as part of normal treasury operations, and other asset investments. The risk of default in relation to trade receivables arising from fee income debtors is considered low and the Company minimises exposure 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 enhancements 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.

22 Financial risk review (continued)

Liquidity risk

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 shareholders.

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:

2021	**Within 1 year**
Non-derivative liabilities	**SAR 000**
Current financial liabilities	2,896

2020	**Within 1 year**
Non-derivative liabilities	**SAR 000**
Current financial liabilities	33

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 consultancy 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.

22 Financial risk review (continued)

Sensitivity analysis

The sensitivity analysis covers the financial instruments at the statement of financial position date and assumes changes in market variables. It should however be noted that due to the inherent uncertainty in financial markets the assumptions made may differ significantly from the actual outcome 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%, financial assets and financial liabilities would increase by SAR 385.1k and 111.8k respectively.

If the US dollar exchange rate decreased by 20%, financial assets and financial liabilities would decrease by SAR 385.1k and 111.8k respectively.

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

The Company outsources certain investment management functions to other group companies.

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.

Income and receivables from related parties

2021	**Other related parties SAR 000**
Client business revenue	9,722
International retail revenue	13,474
	23,196
Amounts receivable from related parties	400

23 Related party transactions (continued)

2020	**Other related parties SAR 000**
Client business revenue	30,901
Amounts receivable from related parties	7,453

Expenditure with and payables to related parties

2021	**Other related parties SAR 000**
Cost of sales	6,290
Infrastructure charges	1,994
	8,284
Amounts payable to related parties	2,896

2020	**Other related parties SAR 000**
Infrastructure charges	1,605
Amounts payable to related parties	33

24 Parent and ultimate parent undertaking

The Company’s immediate holding company is BlackRock Group Limited and 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 55 East 52nd Street, New York, NY10055, USA or by email at invrel@blackrock.com.