Shareholder Circular

This Circular is issued by the Saudi Arabian Mining Company ("Ma'aden") and addressed to its shareholders in accordance with the requirements of Article (60) of the Rules on the Offer of Securities and Continuing Obligations to increase the share capital of Ma'aden for its acquisition of 100% of the shares owned by Mosaic Phosphates B.V. ("Mosaic Phosphates") (including the Guarantor's marketing rights under the MCP/DCP Product Marketing Agreement and the Fertilizer Product Marketing Agreement) in Ma'aden Wa'ad Al Shamal Phosphate Company ("MWSPC"), representing 25% of the share capital of MWSPC, in exchange for the issuance of new shares in Ma'aden to Mosaic Netherlands Holding Company.

This shareholder circular (the "**Circular**") has been prepared by the Saudi Arabian Mining Company ("**Ma'aden**") in accordance with the requirements of Article (60) of the Rules on the Offer of Securities and Continuing Obligations in connection with the increase in the share capital of Ma'aden from SAR 36,917,734,380 (thirty six billion and nine hundred and seventeen million and seven hundred and thirty four thousands and three hundred and eighty Saudi Riyals) to SAR 38,027,858,710 (thirty-eight billion twenty-seven million eight hundred fifty-eight thousand seven hundred ten Saudi Riyals) and increasing the number of Ma'aden's shares from 3,691,773,438 (three billion and six hundred and ninety one million and seven hundred and seventy three thousands and four hundred and thirty eight) ordinary shares to 3,802,785,871 (three billion eight hundred two million seven hundred eighty-five thousand eight hundred seventy-one) ordinary shares; which represents an increase of (3.01 %) in the current share capital of Ma'aden (the "**Capital Increase**").

The share capital of Ma'aden will be increased for the purpose of the acquisition of 100% of the shares owned by Mosaic Phosphates B.V. (a private company with limited liability organized and existing under the laws of the Netherlands wholly owned by The Mosaic Company) ("**Mosaic Phosphates**") (and the Guarantor's Marketing Rights) in Ma'aden Wa'ad Al Shamal Phosphate Company ("**MWSPC**"), which are two hundred and ten million and nine hundred and thirty seven thousands and five hundred (210,937,500) ordinary shares with a nominal value of SAR (10) per share, representing twenty five percent (25%) of the share capital of MWSPC, by increasing the share capital of Ma'aden in accordance with Article (60) of the Rules on the Offer of Securities and Continuing Obligations and issuing 111,012,433 (one hundred and eleven million and twelve thousand and four hundred thirty-three) new ordinary shares, with a nominal value of SAR 10 per share, in Ma'aden to Mosaic Netherlands Holding Company (a wholly owned subsidiary of The Mosaic Company incorporated under the laws of Delaware, United States of America) ("**Mosaic Netherlands**") (the "**Consideration Shares**"), through the Capital Increase (the "**Transaction**").

MWSPC is a limited liability company incorporated under the laws of Saudi Arabia with commercial registration number 3451002631 dated 26/03/1435H (corresponding to 27/01/2014G), with its registered address at Turaif, Saudi Arabia and its mailing address at P.O Box 68861, Turaif, Kingdom of Saudi Arabia. MWSPC's current share capital is 8,437,500,000 (eight billion four hundred and thirty-seven million and five hundred thousand) Saudi Riyals divided into 843,750,000 (eight hundred and forty three million and seven hundred and fifty thousands) equal ordinary shares, with nominal value of SAR 10 per share. The paid-up capital of MWSPC upon incorporation is SAR 1,501,875 (one million five hundred and one thousands and eight hundred and seventy-five Saudi Riyals). For more details about MWSPC, please see Section (3-7) ("**Overview of MWSPC's Operations**") and Section (4) ("**Management's discussion and analysis of the financial position and results of operations**").

Ma'aden has entered into a binding share purchase and subscription agreement with Mosaic Phosphates and The Mosaic Company (the "**Guarantor**") on 20/10/1445H (corresponding to 29/04/2024G) (the "**SPSA**") for the purpose of Ma'aden's acquisition of 100% of the shares owned by Mosaic Phosphates (and the Guarantor's Marketing Rights) in MWSPC against Ma'aden's issuance of the Consideration Shares to Mosaic Phosphates or its designee, and Ma'aden made an announcement on Tadawul confirming the signing of the SPSA on 21/10/1445H (corresponding to 30/04/2024G). Under the SPSA, Mosaic Phosphates or its designee will receive the Consideration Shares following the approval of Ma'aden's Transaction EGM, as well as certain other closing conditions, at the consummation of the Transaction (referred to as "**The Transaction Completion**"). It should be noted that Mosaic Phosphates has designated Mosaic Netherlands to be the recipient of the Consideration Shares, in accordance with the terms and conditions of the SPSA. (For more details about the conditions of the Transaction, please refer to Section (5-2) ("**Legal Information of the Transaction**"). The Transaction Completion is conditional upon obtaining approval of Ma'aden's Transaction EGM (for more details about the conditions of, and procedures for, Transaction Completion, please refer to Section (5-2-5-1) ("**SPSA Terms and Conditions**") and Section (5-2-2) ("**Approvals Required for Transaction Completion**") The Transaction is subject to satisfying the conditions set out in the SPSA as summarized under Section (5-2-5-1) ("**SPSA Terms and Conditions**"), noting that such conditions may not be amended or waived without the written approval of the applicable parties to the SPSA.

All Ma'aden's shares are of one class and no share gives its shareholders preferred rights. The Consideration Shares will be issued of the same class of the current Ma'aden's shares with the same rights they enjoy including voting rights and rights to receive dividends. The Consideration Shares will entitle Mosaic Netherlands to receive dividends declared by Ma'aden following the date of Transaction Completion according to the maturity date for each declared dividend. In addition, Mosaic Netherlands will be subject to a minimum lock-up period of three years pursuant to the SPSA, and a maximum lock-up period of five years commencing from the date of the Transaction Completion. After the third year from the date of the Transaction Completion, Mosaic Netherlands will be free to directly or indirectly transfer or dispose of a portion of the Consideration Shares without the prior written consent of Ma'aden, which shall increase to an amount up to all of the Consideration Shares on the fifth-year anniversary of the Transaction Completion, in accordance with the terms of the SPSA. (the "**Lock-Up Periods**"). For more details about the Lock-Up Periods, please refer to Section (5-2-5-4) ("**Lock-Up Periods**").

After issuing the Consideration Shares, the ownership of current Ma'aden's shareholders will constitute (97.080760%) of Ma'aden's share capital, while Mosaic Netherlands will own (2.919240%) of Ma'aden's share capital. It should be noted that in the case of approval of the Transaction, MWSPC's shares to be acquired will be transferred to Ma'aden at the Transaction Completion. For more details about the Transaction impact and justifications, please refer to Section (3-2) ("**Transaction Rationale**").

The 25% stake in MWSPC together with the Guarantor's marketing rights has a valuation of SAR 5,624,999,980 (five billion six hundred and twenty-four million nine hundred ninety-nine thousand nine hundred eighty Saudi Riyals). Based on this valuation, the Transaction consideration will consist in issuing new shares in Ma'aden with a total nominal value of SAR 1,110,124,330 (one billion and one hundred and ten million and one hundred and twenty-four thousand and three hundred and thirty Saudi Riyals). The total market value of the Consideration Shares is SAR 5,624,999,980 (five billion and six hundred and twenty-four million and nine hundred and ninety-nine thousand and nine hundred and eighty Saudi Riyals) based on the agreed 90-day volume weighted average price ("**VWAP**") of SAR (50.67) per share of Ma'aden's shares as of 15/10/1445H (corresponding to 24/04/2024G). The total value of Consideration Shares to be recorded in the consolidated financial statements of Ma'aden will be determined based on the closing price of Ma'aden's shares at the last trading day prior to the date of the Transaction Completion.

The current share capital of Ma'aden is SAR 36,917,734,380 (thirty six billion and nine hundred and seventeen million and seven hundred and thirty four thousands and three hundred and eighty Saudi Riyals) divided into 3,691,773,438 (three billion and six hundred and ninety one million and seven hundred and seventy three thousands and four hundred and thirty eight) ordinary shares with a nominal value of SAR 10 (ten Saudi Riyals) per share, all of which are fully paid and listed on Saudi Exchange (Tadawul).

The following table shows details of the direct ownership* in Ma'aden of each of the Substantial Shareholders and the public prior to and following the Transaction Completion as of 27/02/1446H (corresponding to 31/08/2024G):

Shareholder	Pre-Completion		Post-Completion	
	No. of Shares in Ma'aden	Shareholding % in Ma'aden	No. of Shares in Ma'aden	Shareholding % in Ma'aden
Public Investment Fund	2,480,263,014	67.183511%	2,480,263,014	65.222263%
Members of Ma'aden's Board of Directors [(1)]	169,888	0. 004602%	169,888	0.004467%
Ma'aden's Senior Executives [(2)]	697	0.000019%	697	0.000018%
Mosaic Netherlands	N/A	N/A	111,012,433	2.919240%
Treasury Shares	5,313,156	0.143919%	5,313,156	0.139717%
Public [(3)]	1,206,026,683	32.667950%	1,206,026,683	31.714294%
Total	**3,691,773,438**	**100%**	**3,802,785,871**	**100%**

(1) Based on the shares owned directly by Ma'aden's directors only. For further information about the indirect ownership and interest, please refer to Section (3-3) ("**Shareholding of Ma'aden's Directors**").

(2) Based on the shares owned directly by Ma'aden's Senior Executives only.

(3) Include all shares owned by none of the Substantial Shareholders, Directors or Senior Executives of Ma'aden, noting that Mosaic Netherlands' ownership in Ma'aden has been disclosed separately in this table.

* It should be noted that none of Ma'aden's Substantial Shareholders hold any indirect interest in Ma'aden.

The Transaction does not involve Related Parties nor conflicted directors.

Ma'aden has submitted an application to the Capital Market Authority (the "**CMA**") to list and offer the Consideration Shares and to the Saudi Exchange (Tadawul) to accept the listing of the Consideration Shares. The CMA's approval was obtained on 02/05/1446H (corresponding to 04/11/2024G) while the Saudi Exchange's (Tadawul) approval was obtained on 14/04/1446H (corresponding to 17/10/2024G), and all requirements of the CMA and the Saudi Exchange (Tadawul) have been satisfied. Subject to obtaining approvals from Ma'aden's Transaction EGM, all the regulatory approvals related to the Transaction and the Capital Increase have been obtained, except for the regulatory approvals that will be obtained after the Transaction Completion (for more details in this regard, please refer to Section (5-2-2) ("**Approvals Required for Transaction Completion**").

This Circular includes information provided as part of the application for listing and offering securities in compliance with the Rules on the Offer of Securities and Continuing Obligations (the "**OSCOs**") issued by the Capital Market Authority of Saudi Arabia (the "**CMA**") and the application for listing securities in compliance with the Listing Rules of the Saudi Exchange. The Board members, whose names appear in this Circular, collectively and individually accept full responsibility for the accuracy of information contained in this Circular. They also confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. The CMA and the Saudi Exchange do not take any responsibility for the contents of this Circular, do not make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Circular.

The members of the board of directors of Ma'aden, having considered the market position prevailing at the time of the publication of this Circular in addition to the future growth prospects of Ma'aden and MWSPC, including potential synergies, and having done the due diligence they deemed sufficient in the circumstances, believe that the Transaction is in the best interests of Ma'aden and its shareholders as of the date of this Circular and based upon and subject to the factors and assumptions set forth therein, and have therefore agreed to enter into the SPSA, which was signed on 20/10/1445H (corresponding to 29/04/2024G).

The shareholders must fully read this Circular and review all its sections carefully especially Section "**Important Notice**" and Section (1) "**Risk Factors**", before voting on the Transaction EGM of Ma'aden.

Ma'aden appointed HSBC Saudi Arabia as financial advisor in relation to the Transaction.

Financial Advisor

HSBC

This Shareholder Circular was published on 19/05/1446H (corresponding to 21/11/2024G). It was drafted in both Arabic and English. Arabic shall be the official language of the Circular and in case of any discrepancy between the Arabic and English texts, the Arabic text shall prevail.


MA'ADEN
معادن

Important Notice

This Circular has been prepared by Ma'aden pursuant to Article (60) of the Rules on the Offer of Securities and Continuing Obligations regarding Ma'aden's acquisition of 100% of the shares owned by Mosaic Phosphates (and the Guarantor's Marketing Rights) in MWSPC and the issuance of the Consideration Shares through the Capital Increase. The purpose of this Circular is to provide Ma'aden Shareholders with information on the Transaction in order to assist them in deciding how to vote at Ma'aden's Transaction EGM in favor of the recommendation of Ma'aden's Board to increase its share capital for the purpose of acquiring 100% of the shares owned by Mosaic Phosphates (and the Guarantor's Marketing Rights) in MWSPC. Ma'aden Shareholders' approval of the Transaction according to the duly required quorum is a condition for the Transaction Completion. By publication of this Circular, Ma'aden shareholders are fully aware of the information contained in this Circular and their decisions and votes in Ma'aden's Transaction EGM regarding the Transaction shall be treated on such basis. The counterparts of this Document may be obtained from the headquarters of Ma'aden or through Ma'aden's website (www.maaden.com.sa), CMA website (cma.org.sa), or the Saudi Exchange (Tadawul) website (www.saudiexchange.sa).

The CMA and the Saudi Exchange (Tadawul) assume no responsibility for the contents of this Circular, make no representations as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss resulting from the contents of this Circular or from reliance on any part thereof.

The information and statements contained in this Circular were presented as they are on the date of issuance of this Circular unless another date is specified for any information or statements contained in this Circular. Consequently, this information is subject to change after the date of publication of this Circular. Accordingly, publication of this Circular does not necessarily mean that any facts or information contained in this Circular on Ma'aden, MWSPC, or any of their subsidiaries have not changed. Any information contained in this Circular should not be considered expectations or projections on the future financial performance of Ma'aden, MWSPC, or any of their subsidiaries. No statement in this Circular is to be construed as a profit forecast that future earnings per Ma'aden share will match or exceed the historical earnings per Ma'aden share. For more details on the risks related to the acquisition of the MWSPC shares, please refer to Section (1) ("**Risk Factors**"), which shareholders should carefully review.

Ma'aden shall prepare and publish a supplementary shareholders' circular after its submission and approval to the CMA, upon becoming aware at any time after the date of publication of this Circular and before Ma'aden's Transaction EGM of any of the following: (1) there is a significant change in material matters contained in this Circular, and (2) the emergence of any significant matters that should have been included in this Circular.

No person was authorized to provide any information or to make any representations on behalf of Ma'aden's board except as set out in this Circular. Therefore, no information or statements from other parties should be construed as information or statements of Ma'aden or HSBC Saudi Arabia or any advisor of Ma'aden in relation to the Transaction.

All the information contained in this Circular is of a general nature and has been prepared without considering the individual investment objectives, the financial situation or the investment needs of any specific shareholder. The board of directors of Ma'aden recommends that Ma'aden shareholders should read and carefully consider all information contained in this Circular, and when in doubt as to the action any shareholder should take at Ma'aden's Transaction EGM, the board of directors of Ma'aden recommend that such shareholder consults an independent financial advisor licensed by the CMA in relation to the Transaction and relies on its own examination of the Transaction and the information herein with regard to such Ma'aden shareholder's individual objectives, financial situation and needs.

This Circular may not be construed as legal, financial, zakat-related or tax advice. The recipient of this Circular should seek specialized advice from their own legal, financial and tax advisors in relation to such topics.

Ma'aden appointed HSBC Saudi Arabia as financial advisor in relation to the Transaction. HSBC Saudi Arabia - a capital market company licensed to operate in the KSA by the CMA - as an exclusive financial advisor of Ma'aden in relation to the Transaction. HSBC Saudi Arabia shall not be liable towards any person except for Ma'aden when giving advice on the Transaction or any other issue referred to in this Circular.

Moreover, HSBC Saudi Arabia or other advisors referred to in the Section ("**Corporate Directory**") did not independently ascertain the correctness and accuracy of the information contained in this Circular. Accordingly, those advisors, or any of their affiliates, managers or employees shall not be liable for any direct or indirect loss or damage that any person may incur due to their reliance on any information included in this Circular, or due to incorrect, inaccurate, or incomplete information contained in this Circular.

FORWARD-LOOKING FORECASTS AND STATEMENTS

This Circular contains certain forward-looking statements. Such forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as" anticipate"," target", "expect", "estimate", "intend", "plan", "will", "believe", "aim", "may", "would", "could" or "should" or other words of similar meaning or the negative thereof. Forward-looking statements in this Circular include, without limitation, statements relating to the following: (i) expected benefits from the acquisition, future expectations of financial performance and conditions, and other future events; (ii) business and management strategies and the expansion and growth of the operations of Ma'aden and MWSPC following the Transaction Completion; and (iii) the Transaction and the dates on which events are expected to occur.

The forward-looking statements appearing in this Circular reflect the current point of view of Ma'aden and its management. They are based on numerous assumptions, including assumptions regarding the present and future business strategies of Ma'aden and the environment in which it will operate in the future. Forward-looking statements are not a promise or a guarantee of future events given several, visible and invisible, factors that may affect the future, causing it to be materially different from the expectations, expressed or implied by this Circular. The risks and uncertainties relating to forward-looking statements are beyond Ma'aden's control and cannot be estimated precisely, such as future market conditions and the behaviors of other market participants. Therefore, the recipient of this Circular should read these forward-looking statements based on this notice but may not rely on such statements. For more details on the risks related to the Transaction, specifically on MWSPC, please refer to Section (1) ("**Risk Factors**"), which shareholders should carefully review.

All oral or written forward-looking statements made by Ma'aden or any person acting on its behalf are expressly qualified in their entirety by the Important Notice contained in this Section.

Ma'aden does not intend to amend or update any forward-looking statements contained in this Circular, except as required pursuant to applicable laws and regulations.

PUBLICATION AND DISTRIBUTION RESTRICTIONS

This Circular is addressed to Ma'aden's shareholders, subject to any restriction in the rules of any Restricted Jurisdiction. This Circular does not constitute a sale offer or purchase order for any securities to any person in any jurisdiction.

FINANCIAL AND OTHER INFORMATION

Ma'aden's consolidated financial statements for the year ended 31 December 2023G, which are available on Ma'aden's website (www.maaden.com.sa) or the Saudi Exchange (Tadawul) website (www.saudiexchange.sa), and MWSPC's financial statements for the years ended 31 December 2021G, 31 December 2022G and 31 December 2023G are prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in KSA and other standards and pronouncements issued by SOCPA. Ma'aden unaudited pro forma consolidated financial information for the year ended 31 December 2023G prepared by management. It should also be noted that financial information contained in this Circular is based on management estimates and has not been independently audited by chartered accountants or otherwise except as expressly stated. Save as disclosed otherwise, all financial information is set out in SAR.

Figures contained in the financial statements may differ, if aggregated, from those contained in this Circular as a result of rounding. This Circular contains percentages which are approximate numbers for the purpose of this Offer.

This Circular has been prepared in accordance with the laws and regulations in force in the Kingdom of Saudi Arabia, and the type and presentation of the information contained therein may vary if prepared in accordance with the regulations of another jurisdiction. Ma'aden does not intend to take any action to publish or register this Circular or the Consideration Shares in any jurisdiction other than the Kingdom of Saudi Arabia. The Transaction relates to securities of a Saudi company listed on the Saudi Stock Exchange (Tadawul), and therefore this Circular and any other documents or announcements related to the Transaction have been and will be prepared in accordance with the disclosure requirements applicable in the Kingdom of Saudi Arabia only, which may differ from those applicable in other jurisdictions.

SECTOR AND MARKET INFORMATION

The market information and details contained in Section (2) ("**Market and Industry Section**") were obtained from CRU ("**Market Data Provider**").

CRU was established in 1962, and it is a company that provides market research for commodity markets. CRU benefits from the data and insights generated by its network of experts, which includes more than 290 experts. CRU also provides unparalleled business intelligence on the global metals, mining and fertilizer industries through market analysis, price assessments, consulting and events.

Market information is considered to be of a general nature. This information represents the Market Data Provider's (CRU) point of view, and is not a guarantee of the nature or trends of the market and industry in the future. This information is provided as on the date thereof and is subject to constant change. This section will not be updated by the Market Data Provider or others. Neither Ma'aden nor its directors, employees and other advisers (other than the Market Data Provider) have verified the information provided by the Market Data Provider contained in this Circular. Accordingly, no representation or warranty is made or implied by those parties as to accuracy or completeness of the information provided by the Market Data Provider contained in this Circular and they do not accept any responsibility as to the accuracy or completeness of that information.

Corporate Directory

Saudi Arabian Mining Company (Ma'aden)

Saudi Arabian Mining Company (Ma'aden)
Abi Bakr As Siddiq, Al Maseef Dist., Riyadh 3996 - 12468
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Fax.: 0118748300
E-mail: info@maaden.com.sa
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Louis Oliver Irvine
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Ma'aden's Financial Advisor

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Fax.: +966 (11) 299 2385
Email: hsbcibaprojectsebastian@hsbcsa.com
Website: www.hsbcsaudi.com

Ma'aden's Legal Advisor

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Kingdom of Saudi Arabia

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Fax.: +966 (11) 481 9701

Email: info.ASH@ashcliffordchance.com

Website: www.ashcliffordchance.com

Independent Auditor for Ma'aden and MWSPC

PricewaterhouseCoopers – Public Accountants Kingdom Tower

King Fahad Road

P.O. Box: 8282

Riyadh 11482

Kingdom of Saudi Arabia

Tel.: +966 (11) 211 0400

Fax.: +966 (11) 211 0401

E-mail: mer_projecttiger@pwc.com

Website: www.pwc.com/middle-east

Note: The above advisors and independent auditor have given and, as at the date of this Circular, have not withdrawn their written consent to the publication of their names, addresses, logos and the statements attributed to each of them in the context in which they appear in this Circular (as applicable).

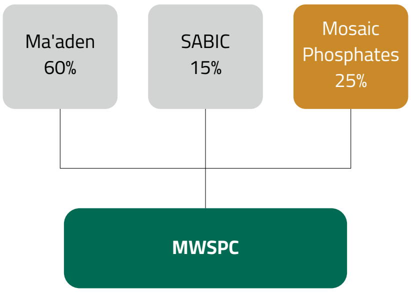
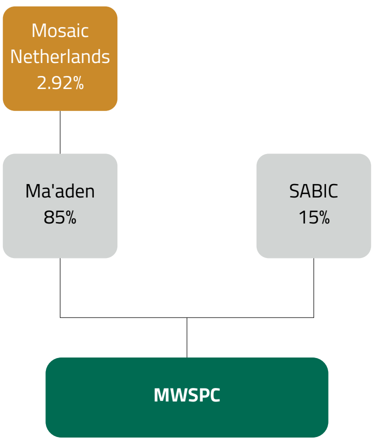
Summary

This summary of the Transaction is intended to provide Ma'aden shareholders with an overview of the Transaction. As such, reading this Section does not substitute reading the other sections of this Circular. Shareholders shall read this Section as an introduction to the information related to the Transaction. It is also important to read this Circular and the information contained herein carefully especially the "Important Notice" Section and Section (1) ("**Risk Factors**") – before making any decision related to voting on the Acquisition Resolution in Ma'aden's Transaction EGM.

<table>
<tr><th colspan="2">Ma'aden (Issuer)</th></tr>
<tr><td>Name, Description and Incorporation Information</td><td>Saudi Arabian Mining Company (Ma'aden) is a listed joint stock company, incorporated and existing under the laws of the Kingdom of Saudi Arabia, pursuant to the Royal Decree No. M/17 dated 14/11/1417H (corresponding to 23/03/1997G), with commercial registration number (1010164391) dated 10/11/1421H (corresponding to 03/02/2001G), and having its registered address at P.O. Box 68861, Riyadh 11537, Kingdom of Saudi Arabia.</td></tr>
<tr><td>Ma'aden's Business Activities</td><td>Ma'aden business encompasses all different aspects and stages of the mining industry, including the development of the industry and related industries, and the development of the supply chain and products in the industry. This shall exclude petroleum and natural gas except for improving mining products and byproducts.
According to Ma'aden's bylaws, Ma'aden carries out the following activities:
a- Professional, scientific and technical activities.
b- Mining and quarrying.
c- Manufacturing.
d- Financial and insurance activities.
Ma'aden shall perform its activities pursuant to the applicable laws after obtaining all necessary licenses from any required competent authorities.
According to its commercial registration certificate, the activities of Ma'aden are as follows:
a- Test drilling of mineral explorations and precious metals.
b- Repair and maintenance of mining, construction, and oil and gas field machinery.
c- Repair and maintenance of electricity distribution and control devices.
d- Manufacture of chains and bedrails.</td></tr>
<tr><td>Substantial Shareholders in Ma'aden and their number of shares and shareholding percentage before and after the Transaction Completion.</td><td>The following table shows details of the direct ownership* in Ma'aden of each of the Substantial Shareholders prior to and following the Transaction Completion as of 27/02/1446H (corresponding to 31/08/2024G):
<table>
<tr><th rowspan="2">Shareholder</th><th colspan="2">Pre-Completion</th><th colspan="2">Post-Completion</th></tr>
<tr><th>No. of Shares</th><th>Shareholding %</th><th>No. of Shares</th><th>Shareholding %</th></tr>
<tr><td>Public Investment Fund</td><td>2,480,263,014</td><td>67.183511%</td><td>2,480,263,014</td><td>65.222263%</td></tr>
<tr><td>Total</td><td>2,480,263,014</td><td>67.183511%</td><td>2,480,263,014</td><td>65.222263%</td></tr>
</table>
*It should be noted that Ma'aden's Substantial Shareholders do not hold any indirect interest in Ma'aden.</td></tr>
<tr><td>Ma'aden's share capital</td><td>Thirty six billion and nine hundred and seventeen million and seven hundred and thirty four thousands and three hundred and eighty Saudi Riyals (SAR 36,917,734,380).</td></tr>
<tr><td>Total Number of Ma'aden Shares</td><td>Three billion and six hundred and ninety one million and seven hundred and seventy three thousands and four hundred and thirty eight (3,691,773,438) ordinary shares.</td></tr>
<tr><td>Nominal Value per Share</td><td>Ten (10) Saudi Riyals.</td></tr>
<tr><td>Total Number of the Consideration Shares</td><td>One hundred and eleven million and twelve thousand and four hundred thirty-three (111,012,433) ordinary shares.</td></tr>
<tr><td>Consideration Shares% from Ma'aden's Current Share Capital</td><td>3.01%</td></tr>
<tr><td>Issuance Value of each Consideration Share</td><td>The nominal value of Consideration Shares is ten (10) Saudi Riyals per share and the shares shall be fully paid. The total value of Consideration Shares, as will be recorded on the consolidated financial statements of Ma'aden, will be determined based on the closing price of Ma'aden's share at the last trading day prior to the date of the Transaction Completion.</td></tr>
</table>

Total Value of the Issuance of Consideration Shares	The total nominal value of Consideration Shares shall be one billion and one hundred and ten million and one hundred and twenty-four thousand and three hundred and thirty Saudi Riyals (SAR 1,110,124,330). The total market value of the Consideration Shares is five billion and six hundred and twenty-four million and nine hundred and ninety-nine thousand and nine hundred and eighty Saudi Riyals (SAR 5,624,999,980) based on the agreed 90-day VWAP of SAR (50.67) per share of Ma'aden's share as of 15/10/1445H (corresponding to 24/04/2024G). The total value of Consideration Shares to be included in Ma'aden's consolidated financial statements will be determined at a later date based on the closing price of Ma'aden's share at the last trading day prior to the date of the Transaction Completion.
Description of the Transaction	
Description of the Transaction	The Transaction will be implemented as a capital increase in the share capital of Ma'aden, in accordance with Article (60) of the Rules on the Offer of Securities and Continuing Obligations, from SAR 36,917,734,380 (thirty six billion and nine hundred and seventeen million and seven hundred and thirty four thousands and three hundred and eighty Saudi Riyals) to SAR 38,027,858,710 (thirty-eight billion twenty-seven million eight hundred fifty-eight thousand seven hundred ten Saudi Riyals) and increasing the number of Ma'aden's shares from 3,691,773,438 (three billion and six hundred and ninety one million and seven hundred and seventy three thousands and four hundred and thirty eight) ordinary shares to 3,802,785,871 (three billion eight hundred two million seven hundred eighty-five thousand eight hundred seventy-one) ordinary shares; which represents an increase of (3.01 %) in the current share capital of Ma'aden. The share capital of Ma'aden will be increased for the purpose of the acquisition of 100% of the shares owned by Mosaic Phosphates (and the Guarantor's Marketing Rights) in MWSPC, which are two hundred and ten million and nine hundred and thirty seven thousands and five hundred (210,937,500) ordinary share with a nominal value of SAR (10) per share representing 25% of the share capital of MWSPC, by increasing the share capital of Ma'aden and issuing one hundred and eleven million and twelve thousand and four hundred thirty-three (111,012,433) new ordinary shares, with nominal value of SAR 10 per share, in Ma'aden to Mosaic Netherlands. For more details about the Transaction Completion, please refer to Section (5-2) ("**Legal Information of the Transaction**").
MWSPC (to be acquired)	
Name, Description, and Incorporation Information	Ma'aden Wa'ad Al Shamal Phosphate Company (MWSPC) is a limited liability company incorporated under the laws of the Kingdom of Saudi Arabia with commercial registration number 3451002631 dated 26/03/1435H (corresponding to 27/01/2014G), with its registered address at Turaif, Kingdon of Saudi Arabia and its mailing address at P.O Box 68861, Turaif, Kingdom of Saudi Arabia. MWSPC's current share capital is 8,437,500,000 (eight billion four hundred and thirty-seven million and five hundred thousand) Saudi Riyals divided into 843,750,000 (eight hundred and fourty three million and seven hundred and fifty thousands) equal ordinary shares, with nominal value of SAR 10 per share. The paid-up capital of MWSPC upon incorporation is one million five hundred and one thousands and eight hundred and seventy-five Saudi Riyals (SAR 1,501,875).
MWSPC's Business Activities	According to MWSPC's AoA and its commercial registration certificate, MWSPC's objectives are: 1- Manufacture of phosphate fertilizers, pursuant to investment license number (1019350234788) dated 14/02/1435H. 2- Manufacture of potassium fertilizers, pursuant to investment license number (1019350234788) dated 14/02/1435H. 3- Production of ammonia, pursuant to investment license number (1019350234788) dated 14/02/1435H. MWSPC shall perform its activities in accordance with the applicable laws and subject to obtaining the necessary licenses from the competent authorities, if any. For more details about MWSPC, please refer to Section (3-7) ("**Overview of MWSPC's Operations**").
Substantial Shareholders in MWSPC and their number of shares and shareholding percentage before and after the Transaction Completion.	The following table shows details of the direct ownership in MWSPC of each of the Substantial Shareholders prior to and following the Transaction Completion as of 27/02/1446H (corresponding to 31/08/2024G):

Shareholder	Pre-Completion		Post-Completion	
	No. of Shares	Shareholding %	No. of Shares	Shareholding %
Ma'aden	506,250,000	60%	717,187,500	85%
Mosaic Phosphates	210,937,500	25%	N/A	N/A
Saudi Basic Industries Corporation (SABIC)	126,562,500	15%	126,562,500	15%
Total	**843,750,000**	**100%**	**843,750,000**	**100%**

Ownership of MWSPC's Selling Shareholder in Ma'aden after the Transaction Completion	After issuance of the Consideration Shares, Mosaic Netherlands will own (2.919240%) of Ma'aden's share capital.
MWSPC's Share Capital	Eight billion four hundred and thirty-seven million and five hundred thousand Saudi Riyals (SAR 8,437,500,000).
Total Number of MWSPC's Shares	Eight hundred and fourty three million and seven hundred and fifty thousand (843,750,000) equal ordinary shares.
Shares to be Acquired	Two hundred and ten million and nine hundred and thirty seven thousand and five hundred (210,937,500) ordinary shares.
Name of the Selling Shareholder in MWSPC and the Total Number of Shares to be Acquired.	Mosaic Phosphates' total shareholding in MWSPC amounts to two hundred ten million nine hundred thirty seven thousand and five hundred (210,937,500) ordinary shares, which will be wholly acquired by Ma'aden as a result of the Transaction.
Other	
Related Parties	The Transaction does not involve Related Parties.
Total and Detailed Value of the Consideration	The total nominal value of Consideration Shares is one billion and one hundred and ten million and one hundred and twenty-four thousand and three hundred and thirty Saudi Riyals (SAR 1,110,124,330), and the total market value of the Consideration Shares is SAR 5,624,999,980 (five billion and six hundred and twenty-four million and nine hundred and ninety-nine thousand and nine hundred and eighty Saudi Riyals) based on the agreed 90-day VWAP of SAR (50.67) per share of Ma'aden's share as of 15/10/1445H (corresponding to 24/04/2024G). The total value of Consideration Shares, as will be recorded on the consolidated financial statements of Ma'aden, will be determined based on the closing price of Ma'aden's share at the last trading day prior to the date of the Transaction Completion.
The Structure of Transaction	The below diagram is a simplified description of the structure of Transaction: **Shareholding before the completion of the Transaction:**  **Shareholding after the completion of the Transaction:** 

Pre-Completion and Post-Completion Shareholding Structure in Ma'aden

The following table shows details of the direct ownership* in Ma'aden prior to and following the Transaction Completion as of 27/02/1446H (corresponding to 31/08/2024G):

Shareholder	Pre-Completion		Post-Completion	
	No. of Shares	Shareholding %	No. of Shares	Shareholding %
Public Investment Fund	2,480,263,014	67.183511%	2,480,263,014	65.222263%
Members of Ma'aden's Board of Directors(1)	169,888	0.004602%	169,888	0.004467%
Ma'aden's Senior Executives(2)	697	0.000019%	697	0.000018%
Mosaic Netherlands	N/A	N/A	111,012,433	2.919240%
Treasury Shares	5,313,156	0.143919%	5,313,156	0.139717%
Public(3)	1,206,026,683	32.667950%	1,206,026,683	31.714294%
Total	**3,691,773,438**	**100%**	**3,802,785,871**	**100%**

(1) Based on the shares owned directly by Ma'aden's directors only. For further information about the indirect ownership and interest, please refer to Section (3-3) ("**Shareholding of Ma'aden's Directors**").

(2) Based on the shares owned directly by Ma'aden's Senior Executives only.

(3) Include all shares owned by none of the Substantial Shareholders, Directors or Senior Executives of Ma'aden, noting that Mosaic Netherlands' ownership in Ma'aden has been disclosed separately in this table.

* It should be noted that none of Ma'aden's Substantial Shareholders hold any indirect interest in Ma'aden.

Pre-Completion and Post-Completion Shareholding Structure in MWSPC

The following table shows details of the direct ownership in MWSPC prior to and following the Transaction Completion as of 27/02/1446H (corresponding to 31/08/2024G):

Shareholder	Pre-Completion		Post-Completion	
	No. of Shares	Shareholding %	No. of Shares	Shareholding %
Ma'aden	506,250,000	60%	717,187,500	85%
Mosaic Phosphates	210,937,500	25%	N/A	N/A
Saudi Basic Industries Corporation (SABIC)	126,562,500	15%	126,562,500	15%
Total	**843,750,000**	**100%**	**843,750,000**	**100%**

Dilution Effects

The Transaction will lead to a decrease in the shareholding of the current Ma'aden shareholders to (97,080,760%) of the total Ma'aden's share capital. This will not result in any change in the number of shares currently owned by Ma'aden Shareholders.

For further information and details about the risks related to the dilution effects on voting power, etc. please refer to Section (1-1-12) ("**Risks relating to the dilution of current shareholders' ownership and the associated reduction in voting rights**").

<table>
<tr><td>Impact on Earnings Per Share</td><td>The table below shows Ma'aden's earnings per share based on Ma'aden's audited financial statements for the fiscal year ended 31 December 2023, and based on the unaudited proforma consolidated financial information for the year ended 31 December 2023 (which do not take into account the benefits of the Transaction):
<table><tr><td>Earnings per share (based on Ma'aden's audited consolidated financial statements for the year ended 31 December 2023</td><td>0.43</td></tr><tr><td>Earnings per share after the Capital Increase (based on the unaudited proforma consolidated financial information for the year ended 31 December 2023)</td><td>0.50</td></tr></table>The Transaction is expected to result in an increase of Ma'aden's earnings per share based on Ma'aden's audited financial statements for the fiscal year ended on 31 December 2023G and based on the pro forma consolidated financial information for the fiscal year ended on 31 December 2023G. It should be noted that it is difficult to predict any future events or results, and therefore you should not rely entirely on any expectations or statements regarding earnings per share after the Transaction Completion. For more details, please refer to Section (3-11) ("Increase or decrease in earnings per share as a result of the acquisition").</td></tr>
<tr><td>The Transaction Rationale</td><td>The acquisition of Mosaic Phosphates' stake in MWSPC by Ma'aden represents a significant step in the decade-long Ma'aden and Mosaic Company partnership, further anchoring Ma'aden's commitment to growth and enhancement in the global phosphates market. MWSPC is a large scale, low cost asset, best in class in the industry and the Transaction provides great strategic and financial benefits to Ma'aden.
For further details please refer to Section (3-2) ("Transaction Rationale").</td></tr>
<tr><td>Summary of Key Steps to Effect the Capital Increase and Issue the Consideration Shares</td><td>The key steps required for the Transaction Completion and finalization of the related procedures, which are not carried out at the date of this Circular, are as follows:
• Obtaining the approval of the CMA on the application of Ma'aden's Capital Increase.
• Obtaining the approval of the CMA on the invitation to the EGM in relation to the Transaction in accordance with the relevant laws and regulations and the Ma'aden's bylaws.
• Obtaining approval from Ma'aden Shareholders on the Acquisition Resolution at Ma'aden's Transaction EGM.
• Obtaining the approval of the Saudi Exchange (Tadawul) to list the Consideration Shares and depositing them in the portfolio of Mosaic Netherlands.
• Obtaining the approval of the Ministry of Industry and Mineral Resources for the change of ownership in MWSPC as a result of the Transaction.
• Cancellation by MISA of the foreign investment license of MWSPC and the issuance by MISA of the national company certification/resolution with effect from the Transaction Completion.
• Obtaining the approval of the Ministry of Commerce on the proposed amendments to Ma'aden's bylaws and Ma'aden's commercial registration certificate as well as MWSPC's articles of association to reflect the Transaction.
• Satisfying all other terms and conditions set out in the SPSA as summarized in Section (5-2-5-1) ("SPSA Terms and Conditions").
For more information please refer to Section (3) ("The Transaction") and "Key Dates and Milestones" Section.</td></tr>
<tr><td>Entitlement to Dividends of the Consideration Shares</td><td>The Consideration Shares will entitle their holders to receive dividends declared by Ma'aden following the date of Transaction Completion according to the maturity date for each declared dividend.</td></tr>
</table>

Required Approvals in connection with the Capital Increase	The Transaction and the Capital Increase are conditional upon obtaining a number of approvals as follows: • CMA approval of the Capital Increase and the publication of this Circular. This approval was obtained on 02/05/1446H (corresponding to 04/11/2024G). • Approval of the Saudi Exchange (Tadawul) on the listing of Consideration Shares on the Saudi Exchange (Tadawul). This approval was obtained on 14/04/1446H (corresponding to 17/10/2024G). • A non-objection letter from the General Authority for Competition with respect to the economic concentration arising from the Transaction. This non-objection letter was obtained on 06/04/1446H corresponding to (09/10/2024G). • Approval of the Ministry of Commerce on the proposed amendments to Ma'aden's bylaws and Ma'aden's commercial registration certificate as well as MWSPC's articles of association to reflect the Transaction, which will be obtained after the Transaction Completion. • Ministry of Industry and Mineral Resources approval on the change of ownership in MWSPC as a result of the Transaction, which will be obtained after the Transaction Completion. • Cancellation by MISA of the foreign investment license of MWSPC and the issuance by MISA of the national company certification/resolution with effect from the Transaction Completion, which will be obtained after the Transaction Completion. • The CMA approval to convene Ma'aden's Transaction EGM, the date and time of such EGM shall be posted on Saudi Tadawul's website. • Approvals from Ma'aden's Shareholders on the Acquisition Resolution at Ma'aden's Transaction EGM, which has not been convened yet. For further information on the conditions and procedures of the Transaction, please refer to Section (5) ("**Legal Information**").
Voting Rights of the Consideration Shares	All Ma'aden's shares are of one class and no share gives its shareholders preferred rights. The Consideration Shares will be issued of the same class of the current Ma'aden's shares with the same rights they enjoy including voting rights and rights to receive dividends in accordance with the Companies Law and the bylaws of Ma'aden.
Restrictions on the Consideration Shares	Pursuant to the SPSA, Mosaic Netherlands may not, directly or indirectly, transfer or dispose of any of the Consideration Shares other than to its affiliates in certain circumstances without the prior written consent of Ma'aden, except as follows: • Mosaic Netherlands may not, directly or indirectly, transfer or dispose of any of the Consideration Shares during the three (3) years following the Transaction Completion. • following the third anniversary of the Transaction Completion, Mosaic Netherlands may transfer or dispose of an amount of the Consideration Shares equal to up to one-third of the aggregate amount of the Consideration Shares (the "**1st Lock-Up Period**"); • following the fourth anniversary of the Transaction Completion, Mosaic Netherlands may transfer or dispose of an amount of the Consideration Shares equal to up to two-thirds of the aggregate amount of the Consideration Shares (the "**2nd Lock-Up Period**"); and • following the fifth anniversary of the Transaction Completion, Mosaic Netherlands may transfer or dispose of an amount of the Consideration Shares equal to up to 100% of the Consideration Shares ("**3rd Lock-Up Period**"). The 1st Lock-Up Period, the 2nd Lock-Up Period, and the 3rd Lock-Up Period are collectively referred to as (the "**Lock-Up Periods**").
Ma'aden's share Capital Increase is conditional upon approval of Ma'aden's Transaction EGM.	

Key Dates and Milestones

The table below includes the expected timeline of the key events related to the Transaction. The dates below are approximate, and Ma'aden shall announce the actual events that must be announced on the Saudi Exchange's (Tadawul) website according to the relevant laws and regulations including any changes that may be made to the timeframe.

Event	Timeline/ Expected Date
1- Actions required in relation to EGM	
Submission of the final draft of this Circular to the CMA.	The final draft of this Circular was submitted to the CMA on 25/04/1446H (corresponding to 28/10/2024G)
CMA approval of the Capital Increase and publication of this Circular.	02/05/1446H (corresponding to 04/11/2024G).
CMA approval to convene Ma'aden's Transaction EGM.	18/05/1446H (corresponding to 20/11/2024G)
Publication of the invitation to Ma'aden's Transaction EGM on the Saudi Exchange's (Tadawul) website (and refer to the possibility of holding a second meeting within an hour after the end of first meeting if the quorum is not met in the first meeting).	18/05/1446H (corresponding to 20/11/2024G)
Publication of this Circular.	19/05/1446H (corresponding to 21/11/2024G)
Documentation available for inspection.	19/05/1446H (corresponding to 21/11/2024G)
Electronic voting period for Ma'aden's EGM	07/06/1446H (corresponding to 08/12/2024G)
Ma'aden's Transaction EGM (first meeting) – quorum required is shareholders representing at least 50% of the share capital.	10/06/1446H (corresponding to 11/12/2024G)
Ma'aden's Transaction EGM (second meeting) (if quorum for first meeting is not attained) – quorum required is shareholders representing at least 25% of the company's share capital.	After one hour from the end of the first inquorate meeting in the event that the quorum required to hold the first meeting is not present.
Announcement on the Saudi Exchange's (Tadawul) website of the Acquisition Resolutions passed at Ma'aden's Transaction EGM (first or second meeting) (or, if the EGM was not quorate, the announcement of such fact).	11/06/1446H (corresponding to 12/12/2024G)
2- Actions Required in the event that the first and second EGM are not quorate	
CMA approval to convene Ma'aden's Transaction EGM (third meeting).	14/06/1446H (corresponding to 15/12/2024G)
Publication of the invitation to Ma'aden's Transaction EGM (third meeting) on the Saudi Exchange's (Tadawul) website.	15/06/1446H (corresponding to 16/12/2024G)
Electronic voting period for Ma'aden's Transaction EGM (third meeting) on the Saudi Exchange's (Tadawul) website.	02/07/1446H (corresponding to 02/01/2025G)
Ma'aden's Transaction EGM (third meeting) will be valid irrespective of the number of shares represented in the meeting.	06/07/1446H (corresponding to 06/01/2025G)
Publication and Announcement on the Saudi Exchange's (Tadawul) website of the Acquisition Resolutions passed by the third meeting of Ma'aden's EGM (as the case may be).	07/07/1446H (corresponding to 07/01/2025G)

Event	Timeline/ Expected Date
3- Transaction Completion	
Effectiveness of Acquisition Resolution and Transaction Completion	If approval is obtained in Ma'aden's Transaction EGM, the Transaction will be complete and the Acquisition Resolution will be effective.
Documenting the Transaction and transferring Mosaic Phosphates' shares in MWSPC to Ma'aden	If approval is obtained in Ma'aden's Transaction EGM, Mosaic Phosphates' shares in MWSPC will be transferred to Ma'aden.
Listing the Consideration Shares on the Saudi Exchange (Tadawul) and allocating such shares to the benefit of Mosaic Netherlands.	Within a period of not less than the third trading period and not exceeding the sixth trading period after the date of Transaction Completion.
Amendment of Ma'aden's commercial registration certificate and providing the Ministry of Commerce with amended bylaws.	After the Transaction Completion, Ma'aden will submit an application to the Ministry of Commerce to amend the commercial registration certificate and the bylaws.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Definitions and Terms

The following definitions apply throughout this Circular, unless the context requires otherwise:

Ma'aden	Saudi Arabian Mining Company (Ma'aden), a public joint-stock company, incorporated and existing under the laws of the Kingdom of Saudi Arabia, with commercial registration number (101064391), and having its registered address at P.O. Box 68861, Riyadh 11537, Kingdom of Saudi Arabia.
MWSPC	Ma'aden Wa'ad al Shamal Phosphate Company, a limited liability company incorporated under the laws of Saudi Arabia with commercial registration number 3451002631 and with its registered address at Turaif, Saudi Arabia and its mailing address at P.O Box 68861, Turaif, Kingdom of Saudi Arabia.
Mosaic Phosphates	Mosaic Phosphates B.V., a private company with limited liability duly organised and existing under the laws of the Netherlands and wholly owned by Mosaic Company with commercial register of the Netherlands Chamber of Commerce number 57972443, and having its corporate seat in Amsterdam, the Netherlands and registered office at IJsbaanpad 2, 1076 CV, Amsterdam, the Netherlands.
Guarantor or Mosaic Company	The Mosaic Company, a corporation listed on the New York Stock Exchange and duly organised and existing under the laws of the State of Delaware, USA with its registered address at c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808.
Mosaic Netherlands	Mosaic Netherlands Holding Company, a wholly owned subsidiary of Mosaic Company duly organised and existing under the laws of the State of Delaware, USA with its registered address at 3033 Campus Drive, Suite W400, Plymouth, MN 55441.
Mosaic Global Sales LLC	Mosaic Global Sales LLC Company, a limited liability company wholly owned by Mosaic Company, duly organised and existing under the laws of the State of Delaware, USA with its registered address at 13830 Circa Crossing Drive, Lithia, FL, 33547.
SPSA	The binding share purchase and subscription agreement dated 20/10/1445H (corresponding to 29/04/2024G) entered into between Ma'aden, Mosaic Phosphates and the Guarantor for the purpose of Ma'aden's acquisition of 100% of the shares owned by Mosaic Phosphates (and the Guarantor's Marketing Rights) in MWSPC against Ma'aden's issuance of the Consideration Shares to Mosaic Phosphates or its designee, which sets out the terms and conditions of, and the parties' rights and obligations in connection with, the Transaction.
Transaction Announcement	The announcement made by Ma'aden on 21/10/1445H (corresponding to 30/04/2024G) confirming the signing of the SPSA.
Transaction Completion	Consummation of the Transaction after the approval of the Ma'aden Transaction EGM and the satisfaction or waiver of certain other closing conditions included in the SPSA.
EGM	An extraordinary general assembly meeting of the shareholders of Ma'aden convened in accordance with the provisions of the Ma'aden Bylaws.
Consideration Shares	The new Ma'aden shares to be issued to Mosaic Netherlands pursuant to the Transaction amounting to 111,012,433 (one hundred and eleven million and twelve thousand and four hundred thirty-three ordinary shares with a nominal value of SAR (10) per share.
Affiliate	A person who controls another person or is controlled by such other person, or who is under common control with that person by a third person. In any of the preceding, control could be direct or indirect.
Circular	This Shareholder Circular issued by Ma'aden in line with the requirements of Article (60) of the OSCOs.

Material Adverse Event	Pursuant to the definition agreed upon in the SPSA, a Material Adverse Event for Ma'aden means any change, event (or series of events), circumstance, development, effect, event or occurrence that, individually or in the aggregate, has had a materially adverse effect on the condition (financial or otherwise) or business of Ma'aden, provided that, none of the following changes, events, circumstances, developments, effects, events or occurrences shall (individually or in the aggregate) constitute, or be considered in determining the existence of, a Material Adverse Event for Ma'aden: 1- changes in the financial markets as a whole in Saudi Arabia, regionally or globally; 2- changes in political conditions in Saudi Arabia, regionally or globally; 3- changes in general economic conditions that affect any of the industries in which Ma'aden operates; 4- natural disasters (including any hurricane, flood, tornado, tsunami, epidemic or earthquake), acts of terrorism, sabotage, military action, armed hostilities or war, whether or not pursuant to a formal declaration of a national emergency or war; 5- any changes in Applicable Law (or the interpretation thereof); 6- changes in accounting requirements or principles (or the interpretation thereof); 7- any actions expressly required to be taken under the SPSA or taken with Mosaic Phosphates's prior express written consent, or any action expressly prohibited by the SPSA; and 8- changes in the price of Ma'aden's shares or the trading volume, in and of itself, or any failure by Ma'aden to meet any analyst estimates or expectations of Ma'aden's revenue, earnings or other financial performance or results of operations for any period, in and of itself, or any failure by Ma'aden to meet any internal budgets, plans, projections or forecasts of its revenues, earnings or other financial performance or results of operations, in and of itself (but solely with respect to sub-paragraph (8), the underlying facts or occurrences giving rise to any such change or failure may be deemed to constitute, or be taken into account in determining whether there is, a Material Adverse Event for Ma'aden). Pursuant to the definition agreed upon in the SPSA, a Material Adverse Event for MWSPC means any change, event (or series of events), circumstance, development, effect, event or occurrence that, individually or in the aggregate with all other changes, effects, events or occurrences, including changes in the economic, political or market conditions of Saudi Arabia, regionally or globally, which has or would reasonably be expected to have a materially adverse effect on: 1- the condition (financial, trading or otherwise), business, operations, assets, liabilities, profits, business affairs, solvency and prospects of MWSPC; or 2- the ability of Mosaic Phosphates to execute and deliver the SPSA and perform its obligations thereunder including its obligation to consummate the transactions contemplated in SPSA.
Restricted Jurisdiction	Any country or jurisdiction where the offer of the Consideration Shares, or distribution or publication of this Circular or any other documents related to, the Consideration Shares would violate the laws of, or regulations applicable to, that country or jurisdiction.
SAR	Saudi Arabian Riyals, the official currency of KSA.
Capital Increase	The proposed increase in the share capital of Ma'aden from SAR 36,917,734,380 (thirty six billion and nine hundred and seventeen million and seven hundred and thirty four thousands and three hundred and eighty Saudi Riyals) to SAR 38,027,858,710 (thirty-eight billion twenty-seven million eight hundred fifty-eight thousand seven hundred ten Saudi Riyals) and the increase in the number of its shares from 3,691,773,438 (three billion and six hundred and ninety one million and seven hundred and seventy three thousands and four hundred and thirty eight) ordinary shares to 3,802,785,871 (three billion eight hundred two million seven hundred eighty-five thousand eight hundred seventy-one) ordinary shares, which represents an increase of (3.01%) in the current capital of Ma'aden.
Closing Price	Last trading price for the shares, according to the mechanism set by the Saudi Exchange (Tadawul).
Saudization	An initiative by the government that aims to increase the local participation in private sector jobs, and it is supervised by the Ministry of Human Resources and Social Development.
Saudi Exchange (Tadawul)	The Saudi Stock Exchange (Tadawul), which is the market in which securities are traded in the Kingdom and is managed and operated by the Saudi Exchange Company and regulated by the Capital Market Authority. It also means, depending on the context, the Saudi Exchange Company, a wholly owned subsidiary of Saudi Tadawul Group, which is responsible for operating the market.
Control	The ability to influence the actions or decisions of another person, directly or indirectly, alone or with other relative or affiliate through: (a) holding 30% or more of the voting rights in a company, (b) holding the right to appoint 30% or more of the administrative body and the word "Controller" shall be interpreted accordingly.

Subsidiary	In relation to Ma'aden, another company which it controls.
Guarantor's Marketing Rights	The Guarantor's marketing rights under the MCP/DCP Product Marketing Agreement and the Fertilizer Product Marketing Agreement signed between the Guarantor and MWSPC dated 24 April 2014G.
Transaction	Ma'aden's acquisition of 100% of the shares owned by Mosaic Phosphates (and the Guarantor's Marketing Rights) in MWSPC in exchange for Ma'aden's issuance of the Consideration Shares to Mosaic Netherlands by increasing Ma'aden's share capital from SAR 36,917,734,380 (thirty six billion and nine hundred and seventeen million and seven hundred and thirty four thousands and three hundred and eighty Saudi Riyals) to SAR 38,027,858,710 (thirty-eight billion twenty-seven million eight hundred fifty-eight thousand seven hundred ten Saudi Riyals) and the increase in the number of its shares from 3,691,773,438 (three billion and six hundred and ninety one million and seven hundred and seventy three thousands and four hundred and thirty eight) ordinary shares to 3,802,785,871 (three billion eight hundred two million seven hundred eighty-five thousand eight hundred seventy-one) ordinary shares.
Transaction Agreements	Means the TSA, Supply Agreement and MAA.
TSA	The Transition Services Agreement to be entered into between Mosaic Phosphates, MWSPC and Ma'aden upon Transaction Completion.
Supply Agreement	The Supply Agreement to be entered into between Ma'aden and Mosaic Global Sales, LLC upon Transaction Completion.
MAA	The Marketing Assignment Agreements to be entered into between Mosaic Company, Ma'aden and MWSPC upon Transaction Completion to assign Mosaic Company's rights under the FMA and PMA to Ma'aden.
FMA	The Fertiliser Marketing Agreement dated 24/06/1435HH (corresponding to 24/04/2014G) entered into between MWSPC and Mosaic Company.
PMA	The Product Marketing Agreement dated 24/06/1435H (corresponding to 24/10/2014G) entered into between MWSPC and Mosaic Company.
Ma'aden's Bylaws	The bylaws of Ma'aden, amended on 19/11/1445H (corresponding to 27/05/2024G).
MWSPC's SHA	MWSPC's original shareholders agreement entered into between Ma'aden, SABIC, Mosaic Phosphates, and Mosaic Company on 28/09/1434H (corresponding to 05/08/2013G).
MWSPC's Amended SHA	MWSPC's amended and restated shareholders agreement which will be entered into between Ma'aden and SABIC to amend and restate MWSPC's SHA.
Board of Directors	The board of directors of Ma'aden.
Senior Executives	Any natural person to whom the governing body of a company, or a member of the governing body of a company, has given responsibility, either alone or jointly with others, for management and supervision and either reports to: 1- the governing body directly; 2- a member of the governing body; or 3- the CEO.
VAT Tax	The Value Added Tax is an indirect tax imposed on all goods and services that are bought and sold by businesses, with a few exceptions and provisions, which is in effect at a rate of (15%) fifteen percent.
Related Party	Means in the OSCOs as follows: 1- Affiliates of the issuer, except for the companies fully owned by the issuer; 2- Substantial Shareholders of the issuer; 3- Directors and senior executives of the issuer; 4- Directors of affiliates of the issuer; 5- Directors and senior executives of Substantial Shareholders of the issuer; 6- Any relatives of the persons referred to in (1, 2, 3, or 5) above – Relatives herein mean father, mother, husband, wife, and children; and 7- Any company controlled by a person referred to in (1, 2, 3, 5, or 6) above.

Acquisition Resolution	The resolution in relation to the Transaction, which will be presented to Ma'aden's shareholders, as follows: Approval of the acquisition of 100% of the shares owned by Mosaic Phosphates (and the Guarantor's Marketing Rights) in MWSPC in exchange for Ma'aden's issuance of the Consideration Shares to Mosaic Netherlands by increasing Ma'aden's share capital from SAR 36,917,734,380 (thirty six billion and nine hundred and seventeen million and seven hundred and thirty four thousands and three hundred and eighty Saudi Riyals) to SAR 38,027,858,710 (thirty-eight billion twenty-seven million eight hundred fifty-eight thousand seven hundred ten Saudi Riyals) and the increase in the number of its shares from 3,691,773,438 (three billion and six hundred and ninety one million and seven hundred and seventy three thousands and four hundred and thirty eight) ordinary shares to 3,802,785,871 (three billion eight hundred two million seven hundred eighty-five thousand eight hundred seventy-one) ordinary shares, in accordance with the terms and conditions of the SPSA, including approval of the following matters related to the Transaction: a- Approval of the provisions of the SPSA entered into between Ma'aden, Mosaic Phosphates and the Guarantor on 20/10/1445H (corresponding to 29/04/2024G). b- Approval of the increase of Ma'aden's share capital from SAR 36,917,734,380 (thirty six billion and nine hundred and seventeen million and seven hundred and thirty four thousands and three hundred and eighty Saudi Riyals) to SAR 38,027,858,710 (thirty-eight billion twenty-seven million eight hundred fifty-eight thousand seven hundred ten Saudi Riyals) in accordance with the terms and conditions of the SPSA; this increase shall be effective on the date of Transaction Completion as per the Companies Law and the SPSA. c- Approval of the amendments to Ma'aden's Bylaws with effect from the Date of Transaction Completion. d- The authorization of Ma'aden's Board of Directors, or any person authorized by the Board of Directors, to adopt any resolution or take any action as may be necessary to implement any of the above resolutions.
Relative	Husband, wife and minor children.
Listing Rules	The Listing Rules issued by the Board of Directors of the Capital Market Authority pursuant to Resolution No. (3-123-2017) dated 09/04/1439H (corresponding to 27/12/2017G) and recently amended by the CMA Board of Directors Resolution No. (1-108-2022) dated 23/03/1444H (corresponding to 19/10/2022G).
OSCOs	The Rules on the Offer of Securities and Continuing Obligations issued by the board of CMA pursuant to its resolution No. (3-123-2017) dated 09/04/1439H (corresponding to 27/12/2017G) as amended by the board of CMA pursuant to its resolution No. (3-114-2024), dated 04/04/1446H (corresponding to 07/10/2024G).
Substantial Shareholder	A shareholder owning five percent (5%) or more of the shares in Ma'aden.
Financial Advisor	HSBC Saudi Arabia
Ma'aden 2023G Financial Statements	The audited consolidated financial statements of Ma'aden for the year ended 31 December 2023G prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in KSA and other standards and pronouncements issued by SOCPA.
MWSPC Financial Statements	The MWSPC 2021G Financial Statements, the MWSPC 2022G Financial Statements and the MWSPC 2023G Financial Statements.
MWSPC 2021G Financial Statements	The audited financial statements of MWSPC for the year ended 31 December 2021G prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in KSA and other standards and pronouncements issued by SOCPA.
MWSPC 2022G Financial Statements	The audited financial statements of MWSPC for the year ended 31 December 2022G prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in KSA and other standards and pronouncements issued by SOCPA.
MWSPC 2023G Financial Statements	The audited financial statements of MWSPC for the year ended 31 December 2023G prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in KSA and other standards and pronouncements issued by SOCPA.
International Financial Reporting Standards (IFRS)	International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Auditors and Accountants (SOCPA).
SOCPA	Saudi Organization for Chartered and Professional Accountants.
Exchange Ratio	It is the basis on which the number of Consideration Shares owed to Mosaic Netherlands was determined in relation to the Transaction, which results in (0.526) new shares in Ma'aden for every one (1) share in MWSPC.

KSA/ the Kingdom/ Saudi Arabia	The Kingdom of Saudi Arabia.
Companies Law	The Saudi Arabian Companies Law issued pursuant to Royal Decree No. M/132 dated 01/12/1443H (corresponding to 30 June 2022G).
Labor Laws	Labor Law issued by Royal Decree No. (M/51) dated 23/08/1426H (corresponding to 27/09/2005G) and its amendments.
CMA or the Authority	The Capital Market Authority of Saudi Arabia.
MHRSD	The Ministry of Human Resources and Social Development in Saudi Arabia.
ZATCA	The Zakat, Tax and Customs Authority of Saudi Arabia.
GAC	The General Authority for Competition in Saudi Arabia.
MOC	The Ministry of Commerce of Saudi Arabia.
MISA	The Ministry of Investment of Saudi Arabia.
Ministry of Industry and Mineral Resources	Ministry of Industry and Mineral Resources of Saudi Arabia.
SIDF or the Fund	The Saudi Industrial Development Fund.
Business Day	Any day, other than a Friday, Saturday or public holidays in KSA.
GCC States	Bahrain, Kuwait, Oman, Qatar, KSA and United Arab Emirates.


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1. Risk Factors

In deciding whether to vote for or against the Acquisition Resolution, Ma'aden Shareholders should carefully read the risk factors contained in this Section, in addition to all the other sections of this Circular and the information set out herein. The risks defined below do not include all the risks related to the Transaction. Additional risks, other than those provided herein, not presently known to Ma'aden board, or which Ma'aden board currently considers to be immaterial as on the date of this Circular, may also have an adverse effect on the Transaction or MWSPC.

The risk factors below focus on the risk factors related to the Transaction, the issuance of new shares and those related to MWSPC and the sector where it operates. The directors of Ma'aden further acknowledge that, to the best of their knowledge and belief, there are no material risks other than those mentioned in this section relating to the Transaction and the issuance of new shares, and MWSPC whose non-disclosure materially affects the shareholders' decisions to vote on the Acquisition Resolution.

Based on the above, the risk factors below do not include the risk factors related to Ma'aden before or after the Transaction or other factors that may affect Ma'aden, sector or market away from the Transaction. If the risks outlined in this Section materialize, they will negatively impact the ability to achieve the expected benefits of the Transaction. They will also have an adverse effect on the operations, financial position, results, cash flows, future prospects, and share profitability of Ma'aden, which will increase its ownership in MWSPC, following the Transaction Completion. If any risks other than those mentioned below materialize (either because Ma'aden's Board of Directors does not know about them or does not consider them material at the time), this will have an adverse effect on the potential to achieve the expected benefits of the Transaction and may also have an adverse effect on Ma'aden's activity, financial position, results, cash flows, future prospects and profitability of shares following the Transaction Completion.

Any Ma'aden Shareholder in doubt about the content of this Circular, or in relation to the Transaction or the voting in favor of or against the Acquisition Resolution, should consult an independent financial adviser authorized by the CMA in this regard.

The order in which the risks are listed under this Section below is not intended to reflect their significance, likely occurrence, or expected impact.

1-1 RISKS RELATED TO THE TRANSACTION AND THE BUSINESS POST-COMPLETION OF THE TRANSACTION AND THE ISSUANCE OF THE NEW SHARES

1-1-1 Risks related to the impact of the Transaction Announcement on Ma'aden's business

On 21/10/1445H (corresponding to 30/04/2024G), Ma'aden made an announcement confirming the signing of the SPSA. This announcement may have or may have had (whether or not the Transaction is completed) an effect on the business and share prices of Ma'aden for several reasons, including, but not limited to, the shift of management's focus in Ma'aden from management of Ma'aden's business to the Transaction Completion and the potential negative impact on Ma'aden's operations or services provided to customers. It may also affect Ma'aden's relationships with their contractors due to their expectations relating to the Transaction and how it will impact their existing business with Ma'aden, as well as the proliferation of rumors and expectations among investors and speculators in relation to the Transaction and the speculation of shares or other factors.

Therefore, if Ma'aden is unable to deal with these matters effectively, this would lead to an adverse impact on the business, financial position, results of operations, and future prospects of Ma'aden and the profitability of Ma'aden's shares after the Transaction Completion.

1-1-2 Risks related to not realizing the synergies or benefits anticipated from the Transaction

One of the main objectives of Transaction Completion by Ma'aden is to realize several benefits. For more details about the Transaction Rationale please refer to Section (3-2) ("**Transaction Rationale**") and Section (3-11) ("**Increase or decrease in earnings per share as a result of the acquisition**") of the Circular. The ability of Ma'aden to realize these benefits, in the event of Transaction Completion, depends on several factors, including, but not limited to, obtaining the approvals required to carry out any necessary actions to realize the benefits of the Transaction and to avoid any delays or difficulties related to realizing them. Realization of such benefits depends on other factors beyond the control of Ma'aden including unforeseeable events such as major changes in the regulatory or operational environment in which Ma'aden operates, changes in real estate market and sector, commercial, political, and economic situation in the KSA in general. Therefore, Ma'aden may not be able, after the Transaction Completion, to realize anticipated financial benefits and growth opportunities or the timing of this realization may be affected.

In addition to the above, the projected benefits and savings from the Transaction are based on preliminary estimates at a date prior to this Circular. Such estimates shall not be updated or renewed before the Transaction EGM. Consequently, the projected benefits and savings may not be realized due to the change in the bases and assumptions giving rise to, or the inaccuracy of, the preliminary estimates. Ma'aden, its directors, executive management or any other person shall not accept any responsibility for the results arising from such preliminary estimates. There is no intention to update the projected benefits and savings of the Transaction or other future projections in this Circular unless this is required under the relevant laws and regulations.

If the projected benefits of the Transaction are not realized in such period, at such value or in such manner as projected, or are not realized at all, this would lead to an adverse effect on Ma'aden's business, financial position, results of operations, and future prospects and the profitability of Ma'aden's shares following the Transaction Completion.

1-1-3 Risks related to Ma'aden and SABIC not agreeing on the final terms of MWSPC's Amended SHA on the date of the Transaction Completion

As of the date of this Circular, Ma'aden and SABIC are working and discussing the main terms and conditions of the MWSPC's Amended SHA, as the parties intentions are to enter into the MWSPC Amended SHA as of the Transaction Completion, so that it becomes effective after Transaction Completion. However there is no guarantee that the parties will reach a final agreement on some of the terms or conditions as of the Transaction Completion, which may delay entering into the MWSPC Amended SHA until after the Transaction Completion. In the case the parties did not reach an agreement on the terms and conditions of the MWSPC Amended SHA in a timely manner, this may negatively affect Maaden's exercise of its rights under such SHA in an effective and appropriate manner, in its capacity as a shareholder owning 85% of MWSPC's share capital.

1-1-4 Risks relating to the Transaction costs

Ma'aden will incur fixed and unrecoverable costs in relation to the Transaction. Ma'aden's costs related to the Transaction are estimated at about thirty three million Saudi Riyals (SAR 33,000,000). These expenses include the fees of the Financial Advisor, the Legal Advisor, and other advisors, in addition to the fees due to government entities, marketing expenses, printing and distribution costs and other costs related to the Transaction. These costs do not include internal costs in relation to overtime or internal administrative costs. Accordingly, if the Transaction is not completed, Ma'aden will incur some or all of these costs without return, which may affect Ma'aden's financial results.

These costs may be high and substantial, resulting in a decrease in the benefits expected from the Transaction. This will, in turn, have an adverse effect on Ma'aden's business and financial position, results of its operations and future forecasts, as well as the profitability of Ma'aden's shares after the Transaction Completion.

1-1-5 Risks related to tax and Zakat dues arising from the Transaction

Pursuant to the SPSA, Mosaic Phosphate (in its capacity as the selling shareholder) shall be responsible for all tax and zakat obligations in relation to the sale and transfer of its shares in MWSPC to Ma'aden. These obligations might include disclosing the Transaction to the relevant tax and zakat authorities inside or outside the KSA, or the payment of any tax or zakat obligations which may arise as a result of the Transaction. Due to the change of zakat and tax laws from time to time, Ma'aden's shareholders may, after the Transaction Completion, be exposed to an increase in zakat and taxes imposed on them due to the promulgation of new zakat or tax laws, the amendment of existing laws and regulations or zakat and tax practices or interpretations announced or unannounced by ZATCA or the competent tax authorities inside or outside the KSA. In any event, pursuant to the SPSA, Mosaic Phosphates shall be solely liable and responsible for any tax amounts payable to any tax authority in relation to the sale and transfer of its shares in MWSPC to Ma'aden, including capital gains tax.

MWSPC is also required to submit its zakat returns to ZATCA on an annual basis in respect of its Saudi shareholding. MWSPC has also submitted all its income tax returns in respect of Mosaic Phosphates' shareholding as of the year 31 December 2023, in accordance with the laws and regulations issued by ZATCA. MWSPC's zakat and its income tax provision are allocated to the consolidated statement of profit or loss, given that MWSPC pays zakat in respect of Ma'aden and SABIC's shareholding and pays income tax in respect of Mosaic Phosphates' shareholding which is then reflected in MWSPC's financial statements under shareholders' equity and within the statement of changes in equity after deducting said amounts. Moreover, MWSPC is exposed to the risks of material changes in the laws and regulations which might affect the value of Zakat due or change ZATCA's policies or practices, and MWSPC might incur additional Zakat dues as a result of these changes, as well as any additional Zakat dues as a result of the Transaction. This, if it materializes, may have a material adverse effect on MWSPC's business, operations, financial position, cash flows, and future forecasts. As such, this will increase Ma'aden's current financial exposure.

Additionally, MWSPC has settled the income tax assessments in respect of Mosaic Phosphates' shareholding for the years ended 31 December 2016, and has closed the years 2017 and 2018 with no additional income tax liabilities. Additionally, MWSPC has submitted its income tax statements for the year ending on 31 December 2023, and ZATCA has yet to issue an income tax assessment for that year. As for the years for which the income tax assessment has not finalized, ZATCA may impose or claim income tax differences that exceed such amounts as expected by MWSPC. Furthermore, it is worth noting that MWSPC has not made any additional provisions for income tax.

MWSPC has also settled the zakat assessments for the years ended 31 December 2016 and closed years 2017 and 2018 with no additional zakat liabilities. Additionally, MWSPC has submitted its zakat statements for the year ending on 31 December 2023, and ZATCA has yet to issue a zakat assessment for that year. As for the years for which the zakat assessment has not finalized, ZATCA may impose or claim zakat differences that exceed such amounts as expected by MWSPC.

MWSPC has registered for VAT purposes in the KSA as a member of Ma'aden's VAT group, which also includes several subsidiaries that Ma'aden controls, other than the other subsidiaries and joint ventures that Ma'aden does not control and which are not members of Ma'aden's VAT group and thus, submit their tax declarations separately. ZATCA has finalized VAT assessments for Ma'aden and its tax group for the years ended on 31 December 2018 through 2022. None of the items settled belong to MWSPC. ZATCA has not issued VAT assessments for any other tax period for Ma'aden's tax group or for the companies affiliated to Ma'aden that are independently registered. Accordingly, ZATCA may issue VAT assessments for previous periods, which may include imposition of additional tax differences.

In case shareholders have any doubts regarding tax and zakat risks, they must consult a tax advisor licensed by the relevant authorities.

1-1-6 Risks related to the relative ownership interests resulting from the Transaction

Ma'aden will issue the Consideration Shares to Mosaic Netherlands, in the event of the Transaction Completion, based on the agreed 90-day volume weighted average price (VWAP) of the shares of Ma'aden at 24/4/2024G in the amount of (SAR 50.67) per share. This was determined based on a set of principles, forecasts and assumptions in a period of time prior to this Circular, which includes – but is not limited to – the price of Ma'aden's shares, MWSPC's financial information, valuation of MWSPC, financial forecasts and assumptions about the MWSPC's performance and plans after the Transaction Completion, the benefits expected from the Transactions and other factors and assumptions, at discretion of the management of companies in consultation with their financial advisors.

The fairness of the value of the Consideration Shares depends on various factors and assumptions which cannot be predicted accurately or with certainty, and some of them may be beyond the control of Ma'aden, now or in the future. In case any information, assumptions, and forecasts which were relied upon in the determination of the value of the Consideration Shares are incorrect or incomplete, or if any other unexpected factors occur, including a change in the financial position of either company, or material information about MWSPC was not known to Ma'aden, or there is a significant change between the price of Ma'aden's shares during the period between determining the value of the Consideration Shares until the Transaction Completion (as a result of market price fluctuations), or in case political or economic or regulatory changes occur and such other reasons which might affect the business of the MWSPC and the price of Ma'aden's shares; this may result in a material effect on the relative valuation of Ma'aden and MWSPC. This may mean that the agreed value of the Consideration Shares may not reflect the fair value of MWSPC at the Transaction EGM or upon the Transaction Completion.

1-1-7 Risks related to forward-looking statements

This Circular contains certain forward-looking statements. Such forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as "anticipate", "target", "expect", "estimate", "intend", "plan", "will", "believe", "aim", "may", "would", "could" or "should" or other words of similar meaning or the negative thereof. These statements and disclosures include, but are not limited to, known and unknown risks and some uncertainties that might affect the results of Ma'aden, MWSPC, or the Transaction, and statements related to the financial position of Ma'aden and MWSPC, their business strategy, future plans and objectives, expected benefits of the Transaction, other future events, and other information and statements.

Future events are not actually foreseeable and may differ from what is found in this circular, as the performance of Ma'aden and MWSPC (including after the Transaction) and their ability to develop, work and achieve their goals and strategies determine their actual results, which Ma'aden cannot know, and may relate to matters beyond Ma'aden's control. The inaccuracy of these future forecasts is one of the risks that shareholders and investors should consider, and shareholders should read these expectations and statements in light of this and not rely on them. If the actual results of Ma'aden and MWSPC (including after the Transaction) and future events differ from these expectations and statements, this may adversely affect the business of the two companies, their financial position, the results of their operations, their future expectations, and the profitability of Ma'aden's shares after the Transaction Completion.

1-1-8 Risks related to relying on information which is not included in this Circular

Some media outlets may cover financial and economic information and analysis regarding Ma'aden, MWSPC and the Transaction, which may not include many relevant information and risks contained in this Circular. Shareholders should not rely on such sources. These or other sources may make statements that are not directly attributable, or which might be inaccurately attributed to Ma'aden's directors, officers, or employees, or they may include incorrect reports on statements made or might be made by Ma'aden's directors, officers or employees. These sources may include misleading statements due to omission of information provided by Ma'aden, or its directors, officers, or employees. Ma'aden's Board has not authorized any person to provide information or statements on behalf of Ma'aden, except as disclosed in this Circular. Ma'aden's directors, officers, employees, or advisors shall assume no responsibility for the accuracy and completeness of any information or statements issued by third parties.

Therefore, shareholders should rely only on the information contained in this Circular upon making any decision regarding voting on the Acquisition Resolutions. In case of any doubt about the Transaction, shareholders must obtain special advice from an independent financial advisor licensed by the CMA.

1-1-9 Risks related to the decrease in share profitability and share price as a result of the Transaction

In addition to the fluctuations or decrease in the price for reasons other than the Transaction, Ma'aden's share price may decrease after the Transaction Completion for several reasons related to the Transaction, including – but not limited to – the failure on the part of Ma'aden to achieve the expected benefits of the Transaction during the period or to the extent expected by investors, financial analysts, or Ma'aden's Board, or the fact that the post-Completion financial impact of the Transaction on Ma'aden may not match the forecasts of investors, financial analysts, or Ma'aden's Board, or other factors. There is no guarantee that Ma'aden's shares will increase as a result of the Transaction. These factors may have an adverse effect on the post-Completion trading price of Ma'aden's shares, regardless of the actual performance of Ma'aden.

1-1-10 Risks related to selling a large number of shares and issuing new shares

Nothing requires Ma'aden's Substantial Shareholder or other shareholders, after the Transaction Completion, to not sell their shares. Accordingly, the Substantial Shareholder of Ma'aden or other shareholders may sell a large number of shares they hold in Ma'aden after the Transaction Completion. In case a large number of Ma'aden's shares are sold, or the market perceives that such a sale may happen, this will constitute a high offer that may not be matched by a similar demand in quantity. The market value of the shares will decrease as a result.

In addition, restrictions will be imposed on the Consideration Shares as Mosaic Netherlands may not, directly or indirectly, transfer or dispose of any of the Consideration Shares without the prior written consent of Ma'aden during the Lock-Up Periods, which shall be granted based on Ma'aden's discretion as provided in the SPSA and in accordance with the applicable laws and regulations, subject to certain exceptions, such as transferring the Consideration Shares, or any part thereof, to Affiliates of Mosaic Netherlands under certain circumstances during the Lock-Up Periods pursuant to the terms and conditions of the SPSA and in accordance with the applicable laws and regulations. Following the fifth anniversary of the Transaction Completion, Mosaic Netherlands may transfer or dispose of an amount of the Consideration Shares equal to up to 100% of the Consideration Shares. For more details about the Lock-Up Periods, please refer to Section (5-2-5-4) ("**Lock-Up Periods**"). In case a large number of the Consideration Shares are sold, or the market perceives that such a sale may happen, this will constitute a high offer that may not be matched by a similar demand in quantity. The market value of the shares will decrease as a result.

1-1-11 Risks related to the fluctuations of Ma'aden's share price

The announcement of the Transaction, the investors becoming aware of it, the method of managing Ma'aden and its business, the delayed Transaction Completion for any reason, a change in share trading patterns by investors due to the Transaction or other reasons which affect the share price, may increase fluctuation of the share price of Ma'aden until the Transaction Completion. Ma'aden's share price at the time when the Transaction is completed may significantly differ from its price at the publication date of this Circular. This will affect the market value of Ma'aden, and the shareholders' investments in its shares.

1-1-12 Risks relating to the dilution of current shareholders' ownership and the associated reduction in voting rights

Upon the Transaction Completion, Ma'aden will issue the Consideration Shares to Mosaic Netherlands according to the agreed 90-day volume weighted average price (VWAP) of the shares of Ma'aden at 24/4/2024G (which is 50.67 per share). As a result, the Transaction will lead to a decrease in the ownership percentage of Ma'aden's existing shareholders to (97.080760%) of Ma'aden's share capital after the Transaction Completion, while the ownership percentage of Mosaic Netherlands in Ma'aden after the Transaction Completion will be (2.919240%).

Accordingly, the post-Completion ownership percentage of the current Ma'aden shareholders will be less than their current shareholding, leading in turn to a decrease in their voting power. This will, in turn, have an adverse effect on their ability to influence decisions that require the approval of shareholders (including voting on the appointment of directors, approving amendments to the bylaws, approving substantial transactions and other matters which require the shareholders' approval). In addition, a decrease in the ownership percentage will affect their share of the net profits in Ma'aden after the Transaction Completion.

Accordingly, this will give Mosaic Netherlands the ability to vote on decisions that require the approval of Ma'aden's shareholders (including voting on the appointment of directors, approving amendments to the bylaws, approving substantial transactions and other matters requiring shareholder approval).

As a result of Mosaic Netherlands' ownership in Ma'aden after the Transaction Completion, the level of ownership of the Public Investment Fund and the public will decrease to (65.222263%) and (31.781868%) respectively.

Accordingly, this will affect the ability of the current Ma'aden shareholders to influence decisions that require the shareholders' approval. The interests of Mosaic Netherlands may differ from those of other shareholders, and they may direct Ma'aden's strategy in a different manner than such manner as desired by other shareholders. These approaches may affect Ma'aden's business, results of operations, financial position, and future forecasts, and subsequently Ma'aden's share price post-Transaction Completion.

1-2 COMMERCIAL AND LEGAL RISKS

1-2-1 Risks related to financing resulting from the increase of Maaden's ownership in MWSPC

The liquidity ratio of MWSPC amounted to (1.3), (2.2) and (1.6) times as at 31 December 2021, 2022 and 2023, respectively. The cash liquidity of MWSPC amounted to (0.4), (1.1) and (0.5) as at 31 December 2021, 2022 and 2023, respectively. It is worth noting that MWSPC's business depends on its ability to obtain credit facilities from third parties to finance its operations. MWSPC's total debt - which includes only term loans - is (SAR 18,457,136,037) (i.e. (256%) of the total shareholders' equity), (SAR 17,383,110,142) (i.e. (163%) of the total shareholders' equity), and (SAR 13,793,113,963) (i.e. (122%) of the total shareholders' equity), as at 31 December 2021, 2022, and 2023, respectively.

MWSPC has entered into four loan agreements with the Saudi Industrial Development Fund ("**SIDF**") dated 08/11/1438H (corresponding to 31/07/2017G), 08/11/1438H (corresponding to 31/07/2017G), 14/03/1440H (22/11/2018G) and 14/03/1440H (corresponding to 22/11/2018G). Ma'aden has provided two guarantee letters to SIDF in connection with two of these loans in a total amount of SAR 1,260,000,000 for both guarantees (in addition to a asset-backed mortgage that was provided by MWSPC to SIDF). The first SIDF loan is for a total amount of SAR 1,200,000,000, for which Ma'aden guarantees 60% of the total amount (i.e., 720,000,000), the second SIDF loan is for a total amount of SAR 900,000,000, for which Ma'aden guarantees 60% of the total amount (i.e., 540,000,000), the third SIDF loan is for a total amount of SAR 900,000,000 and the fourth SIDF loan is for a total amount of SAR 1,000,000,000. For more details about the loan agreements with SIDF please see section (1-3-3) ("**Risks related to financing, interest rates and operating expenses**").

In case MWSPC is unable to pay the amounts due on time or reschedule the payments in the event of its inability to pay, or if it breaches any guarantee, obligation or restriction under the credit facilities agreements, then this will be considered a material breach that may result in entitling the creditor to demand the payment of the full debt amount before its actual due date.

In case MWSPC is unable to pay, then these creditors can enforce the guarantees provided to them (such as debt claim instruments). This will have a material adverse effect on MWSPC's business, financial position, results of operations and future prospects, and this will, therefore, increase Ma'aden's current financial exposure.

Moreover, in case MWSPC is unable to obtain the necessary financing to fulfill its obligations and carry out its business and future projects in accordance with its strategy, or to obtain financing on appropriate terms and conditions, or in case MWSPC is requested to make payments higher than expected, or if MWSPC is ordered to pay differences that MWSPC did not anticipate or in respect of which no provision is made, this may have a material adverse effect on MWSPC's business, financial position, results of operations and future prospects. Therefore, increasing Ma'aden's stake in MWSPC will increase Ma'aden's current financial exposure after the Transaction Completion.

1-2-2 Risks related to legal disputes

As of the date of this Circular, MWSPC has filed an arbitration claim in relation to one of its projects against the relevant counterparty, for which MWSPC claims USD 243,500,000 (SAR 913,125,000) for failure to satisfy the technical and contractual requirements under an EPC contract, whereas the counterparty claims USD 123,000,000 (SAR 461,262,300.00). The arbitration is ongoing. It should be noted that MWSPC did not make any financial provision and did not write off or de-recognize any debts in connection thereof. For more details please see section (5-4) ("**Lawsuits and claims against MWSPC**").

Except as disclosed above, there are no lawsuits or claims (including any pending or threatened lawsuit) that could have a material effect on MWSPC's business and subsidiaries or its financial position.

Since no provisions are made for the above case, MWSPC's loss of this case will cause a direct financial loss to MWSPC that may affect its financial performance. MWSPC may also get involved in other future judicial disputes, whether with tenants, contracting parties, or others. Such disputes may relate to substantial amounts. There is no guarantee that the outcome of these disputes will be determined in favor of MWSPC. Therefore, MWSPC's loss of any material dispute or its failure to make an accurate provision for the disputed amounts will have a material adverse effect on MWSPC's business, financial position, results of operations and future prospects, therefore, increasing Ma'aden's stake in MWSPC will increase Ma'aden's current financial exposure after the Transaction Completion.

1-2-3 Risks related to competition and anti-competitive practices

The Competition Law promulgated by Royal Decree No. M/75, dated 29/06/1440H (corresponding to 06/03/2019G) and Implementing Regulations thereof issued by the General Authority for Competition pursuant to Resolution No. 337, dated 25/01/1441H (corresponding to 24/09/2019G) prohibit practices (including agreements or contracts made between entities, irrespective of whether they are written or oral, express or implied) with anti-competitive objectives or effects, including practices such as fixing the prices of goods, service fees, or terms of purchase and sale. Should GAC decide to lead an investigation into Ma'aden, or otherwise conclude that Ma'aden is in breach of the applicable Competition Laws, it may impose on Ma'aden a fine of up to 10% of the total annual sales value which is the subject of the violation or no more than SAR 10,000,000 where it proves impossible to estimate such value. Moreover, GAC may, at its discretion, impose a fine of up to three times the revenues made as a result of the breach and order the (partial or full) suspension of Ma'aden's activities temporarily or permanently in case of repeated breach. Ma'aden may be subject to claims, investigations or legal actions regarding unfair or anti-competitive practices or any similar behavior which require efforts and huge administrative and financial resources and a long time to defend. In the event any such claims are proven in the future, significant fines, damages and other expenses could be imposed upon Ma'aden and Ma'aden's reputation could be harmed. This will have an adverse effect on Ma'aden's business and financial position, results of its operations and future forecasts, as well as the profitability of Ma'aden's shares after the Transaction Completion.

1-2-4 Risks related to the satisfaction of the conditions for the Completion of the Transaction

The Transaction is conditional on a number of conditions as summarized under Section (5-2-2) ("**Approvals Required for Transaction Completion**") and Section (5-2-5-1) ("**SPSA Terms and Conditions**"). Failure to satisfy any of the conditions or the delay in satisfying such conditions will result in the Transaction not being completed or being delayed. The material terms and conditions of the SPSA which the parties shall comply with until the date of Transaction Completion are summarized under Section (5-2-5) ("**Summary of the SPSA**"), including not breaching any of the warranties provided and other conditions set out in such section.

Any delay in the Transaction Completion due to a failure of satisfying the Transaction's conditions may diminish and/or delay the anticipated benefits or may result in additional transaction costs or other unexpected losses associated with the delay of the Transaction. This would have an adverse effect on the business, financial position, results of operations, and future prospects of Ma'aden and on Ma'aden's profitability of shares after Transaction Completion.

1-2-5 Risks related to approval of the Transaction by third parties

MWSPC is a party to several contracts, some of which are material (consisting of the loan agreements entered into with SIDF, as referred to in section (1-2-1) ("**Risks related to financing resulting from the increase of Maaden's ownership in MWSPC**") above) and some of which are not material on their own for its business. Some of these contracts may contain restrictions or conditions that would require approval of the other party or a notification to the other party before the Transaction Completion. The SIDF loan agreements for MWSPC require the prior written approval from SIDF for a change of ownership in MWSPC. In this respect, MWSPC has requested the consent of SIDF on the change of ownership as a result of the Transaction and has received SIDF's consent on 09/10/1445H (corresponding to 18 April 2024G). For further information on the SIDF loan agreements, please refer to Section (1-2-1) ("**Risks related to financing resulting from the increase of Maaden's ownership in MWSPC**").

If MWSPC is unable to determine all the contractual approvals required under its substantial agreements or if MWSPC is unable to obtain the required contractual approvals, and the Transaction is completed regardless of this, then MWSPC may be in breach of its obligations under the related contracts. This breach may result in several matters which differ depending on the terms and conditions of the relevant contracts. The contract may entitle the other party to terminate the contract or claim an amount of compensation or otherwise.

The realization of any such risks will have a material adverse effect on MWSPC's business, financial position, results of operations and future prospects, and thus increasing Ma'aden's stake in MWSPC will increase Ma'aden's current financial exposure after the Transaction Completion.

1-2-6 Risks related to conflict of interest and related party transactions

MWSPC has various transactions with related parties and transactions that involve conflicts of interest, which may be subject to review and disclosure requirements in accordance with the relevant laws and regulations, as applicable. MWSPC's failure to define and identify these contracts or to understand the regulatory ecosystem may have an effect on its obligation to monitor these transactions and ensure that they are reviewed and disclosed properly. This may expose MWSPC to several risks that include the imposition of penalties by regulators in addition to not being sure that the terms of these transactions are in the interest of MWSPC. In case fines are imposed or that these contracts do not serve the best interest of MWSPC, this will have an adverse effect on MWSPC's business, financial position, results of operations and future prospects, and therefore, increasing Ma'aden's stake in MWSPC will increase Ma'aden's current financial exposure after the Transaction Completion.

As for the related party transactions in accordance with the accounting standards, as shown in MWSPC's financial statements, the amounts due to related parties are (SAR 172,285,580), (SAR 301,183,945) and (SAR 130,430,047) for the fiscal years ending in 2021, 2022 and 2023, respectively. The amounts due from related parties are (SAR 207,237,691), (SAR 430,423,959) and (SAR 98,731,275) for the fiscal years ending in 2021, 2022 and 2023, respectively. The amount due from Mosaic Phosphates amounted to (SAR 256,184,396) and (SAR 250,407,996) as of 30 June 2024 and the fiscal year ending on 31 December 2023.

It should be noted that the board of managers and the general assembly of MWSPC have approved all Related Party transactions for the years ending on 31 December 2021, 2022 and 2023. As at the date of this Circular, each of the MWSPC's Related Party transactions have been conducted on purely commercial basis. However, if MWSPC enters into any agreement with a Related Party on terms that are not purely commercial or if these agreements result in undue benefits for such Related Parties, this could have an effect on MWSPC's business, financial position, results of operations and future prospects. As such, increasing Ma'aden's stake in MWSPC will increase Ma'aden's current financial exposure after the Transaction Completion.

MWSPC may not be able to renew the contracts concluded with the related parties upon the expiry thereof or renew the contracts on conditions consistent with MWSPC's objectives, especially after the change in MWSPC's ownership structure. Also, MWSPC may not be able to enter into alternative contracts on the same or commercially acceptable terms. Accordingly, in case any agreements with related parties are terminated, or if MWSPC is unable to renew them on appropriate terms, or find alternative contracts with third parties, this will have an effect on MWSPC's business, financial position, results of operations and future prospects. As such, increasing Ma'aden's stake in MWSPC will increase Ma'aden's current financial exposure after the Transaction Completion.

1-3 RISKS RELATED TO THE MARKET, INDUSTRY AND SECTOR IN WHICH MWSPC OPERATES

1-3-1 Risks related to the performance of the Kingdom's economy and political and economic instability and competitive environment

MWSPC's future performance depends on a number of factors related to the economic conditions in the KSA in general, including – but not limited to – inflation, GDP growth, average per capita income, interest rates and other economic factors. Although the Kingdom continues to implement diversification policies, it still relies on its income from the oil sector to implement its economic plans. Any decline in oil prices may lead to an economic slowdown in the KSA or limit government spending, which will have an effect on the overall economic situation in the KSA. The continued economic growth in the KSA also depends on several other factors, such as continued population growth and government and private sector investments in infrastructure. Accordingly, any negative change or deterioration in the overall financial and economic conditions in the KSA will have an adverse effect on MWSPC's business, financial position, results of operations and future prospects. As such, increasing Ma'aden's stake in MWSPC will further expose Maaden to the Kingdom's instability and competitive environment after the Transaction Completion.

In addition, it is affected by the political and security situation prevailing from time to time in the Kingdom and the region in general, including any sabotage, terrorist or other operations. Accordingly, any deterioration or change in the political and security situation, especially in the northern borders of the Kingdom, will have an adverse effect on MWSPC's business, financial position, results of operations and future prospects. In addition, MWSPC's assets and businesses are exposed to sabotage or terrorist attacks that cannot be predicted or anticipated. This, if it materializes, will have an adverse effect on MWSPC's business, financial position, results of operations and future prospects, and therefore, increasing Ma'aden's stake in MWSPC will further expose Maaden to the Kingdom's instability and competitive environment after the Transaction Completion.

The manufacture of phosphate and production business and sector in which MWSPC operates has significant expansion opportunities and stimulating environment. This may attract more companies to enter and invest in this sector. Also, companies in the same line of business as MWSPC can conduct mergers and acquisitions. This will lead to an increase in their market shares and intensifying competition among companies operating in the manufacture of phosphate and production business sector. Moreover, there is competition from companies offering alternative or new services. This constitutes an additional competition factor which adds more pressure on the profit margins that companies within the business can generate. If any of the aforementioned materializes, MWSPC may not be able to retain its position in the market or its overall market share in the manufacture of phosphate sector which could have an adverse effect on MWSPC's business, financial position, results of operations and future prospects, and therefore, increasing Ma'aden's stake in MWSPC will further expose Ma'aden to the Kingdom's instability and competitive environment after the Transaction Completion.

The above may cause MWSPC to enter into competition with other companies having more resources at their disposal or enjoying other advantages which are difficult or impossible for MWSPC to have. Companies having large financial resources or a customer base may be able to outperform MWSPC in terms of advertising expenditures, attracting key MWSPC's employees by offering greater financial and incentive rewards than MWSPC can offer, and allocating more resources to develop their products and expand their scope of work.

Competition may hinder MWSPC 's ability to increase or maintain its profit margins, as other companies seek to gain business through lower prices and other customer incentives. As such, intense competition in MWSPC's key business areas will limit its ability to implement its growth strategy, increase its customer segments and expand its scope of operations. MWSPC's profit margins and asset growth rates may decrease, which will have an adverse effect on MWSPC's business, financial position, results of operations and future prospects. As such, increasing Ma'aden's stake in MWSPC will further expose Maaden to the Kingdom's instability and competitive environment after the Transaction Completion.

1-3-2 Risks related to regulatory requirements

MWSPC is subject to a number of laws and regulations that require MWSPC to obtain the necessary licenses and permits from the competent regulatory authorities in the KSA in order to carry out its business activities. MWSPC is required to obtain and maintain appropriate regulatory licenses, permits and approvals in connection with its business activities, including but not limited to the commercial registry certificates, Chamber of Commerce membership certificates, Saudization certificates, Zakat certificates, social insurance certificates, necessary permits and approvals from the municipality, civil defense and other licenses in relation to MWSPC's business activities.

Such licenses and permits are required to remain valid on an ongoing basis through MWSPC's compliance with the laws, regulations and conditions governing such licenses and permits. If MWSPC is unable to obtain all necessary licenses and permits to carry out its business, or if MWSPC is unable to maintain and renew its license and comply with the laws, regulations, and conditions governing these licenses and permits, then MWSPC's business may be suspended, it may not obtain certain government services or it may be subject to penalties and violations. This will have a material adverse effect on MWSPC's business, financial position, results of operations and future prospects, and therefore, increasing Ma'aden's stake in MWSPC will further expose Maaden to such regulatory requirements after the Transaction Completion

1-3-3 Risks related to financing, interest rates and operating expenses

MWSPC has entered into four loan agreements with SIDF with a total facility limit of SAR 4,000,000,000 with follow-up costs subject to SIDF's discretion. It should be noted that the financing costs of such loans amounted to SAR 300,000,000.

In respect of the first loan agreement entered into with SIDF, an amount of SAR 480,000,000 has been settled while a total amount of SAR 720,000,000 remains outstanding as of 30 June 2024 which is being settled in installments paid on a semiannual basis, to be fully settled in 2030. As for the second loan agreement entered into with SIDF, an amount of SAR 430,000,000 has been settled while a total amount of SAR 470,000,000 remains outstanding as of 30 June 2024 which is being settled in installments paid on a semiannual basis, to be fully settled in 2028.

In respect of the third loan agreement entered into with SIDF, an amount of SAR 280,000,000 has been settled while a total amount of SAR 720,000,000 remains outstanding as of 30 June 2024 which is being settled in installments paid on a semiannual basis, to be fully settled in 2031. As for the fourth loan agreement entered into with SIDF, an amount of SAR 310,000,000 while a total amount of SAR 590,000,000 remains outstanding as of 30 June 2024 which is being settled in installments paid on a semiannual basis, to be fully settled in 2029.

Under the loan agreements entered into with SIDF, MWSPC shall conduct any transaction relating to the financed project on a purely commercial basis catering to such project. MWSPC shall also refrain from paying the marketing fees to its shareholders unless MWSPC remains punctual in settling its debt and the financed projects is deemed profitable.

In 2014, MWSPC has entered into a financing agreement with PIF and a number of other commercial banks and financial institutions both locally and internationally, which was amended and restated in 2020, for a total value amounting to SAR 1,900,000,000. The financing costs of such agreement amounted to SAR 17,100,000. A total amount of SAR 515,362,304 has been settled as of 30 June 2024 leaving a total outstanding amount of SAR 1,384,637,696, which MWSPC is working towards settling in semiannual instalments concluding on 30 June 2035. Additionally and pursuant to the Wakala Agreement entered into with the commercial banks, MWSPC shall comply with a number of obligations and restrictions, including notifying the Wakala facility agent (in its capacity as the agent) when it has taken possession of the Wakala assets, taking possession of the Wakala assets on behalf of the Wakala facility participants, refraining from any act that may effect or imperil the Wakala facility participants' rights, title and ownership of any of the Wakala assets and refraining from selling, assigning, subletting, mortgaging (unless such mortgaging was deemed a permitted security pursuant to the agreement) or otherwise dealing with the Wakala assets.

MWSPC has also obtained a Murabaha financing for a total value amounting to SAR 6,808,496,299, while the financing costs amounted to SAR 61,276,467. MWSPC has settled a total amount of SAR 1,846,759,125 as of 30 June 2024 leaving a total outstanding amount of SAR 4,961,737,174, which MWSPC is working towards settling in semiannual instalments concluding on 30 June 2035. Additionally and pursuant to the agreement, MWSPC shall comply with a number of obligations and restrictions, including the assignment of residual proceeds from the relevant security provided to SIDF and certain restrictions on distributing dividends such as during events of default.

Furthermore, MWSPC has entered into a loan agreement in 2020 with GOSI for a total facility limit amounting to SAR 6,599,903,363, while the financing costs amounted to SAR 56,099,179. MWSPC has settled a total amount of SAR 1,789,369,178 as of 30 June 2024 leaving a total outstanding amount of SAR 4,810,534,185, which MWSPC is working towards settling in semiannual instalments concluding on 30 June 2035. Additionally and pursuant to the loan agreement, MWSPC shall comply with a number of obligations and restrictions, including paying certain fees in the amounts and at the times specified under the agreement, maintaining insurance on and in relation to MWSPC's business and refraining from entering into any amalgamation, demerger or merger with the consent of GOSI.

MWSPC's operations require sufficient liquidity to fund its operating expenditures. MWSPC has been able to pay its debt as scheduled and has made repayments and prepayments from excess funds to close its debt. MWSPC is in the process of paying down its entire commitment with no plan to raise new debts currently to secure adequate funding for its business.

1-3-4 Risk related to compliance with certain financial and other restrictive covenants

MWSPC is subject to certain financial and other covenants under the terms of its facility and loan arrangements with SIDF. As at the date of this Circular, MWSPC is compliant with all financial covenants applicable to it. However, if MWSPC is unable to comply with the restrictions and covenants in its existing or future debt and other agreements, a default under the terms of those agreements may result. In the event of a default under those agreements, and once all possible cures have been exhausted, the lenders may opt to consider alternative remedy under the loan agreement to settle the commitments and if such event continues, the lenders may declare all or parts of the amounts borrowed cancelled or due and payable. SIDF has the discretion to terminate the loan agreement should an event of default by MWSPC occur.

It should be noted that certain of MWSPC's assets have been mortgaged in favour of SIDF under the relevant loan agreements. In the event of default under any such loans, there is a risk that SIDF may be able to enforce against the mortgaged assets of the MWSPC.

1-3-5 Risks related to operational hazards, including environmental damage

Companies operating in the manufacturing field are more exposed to health and safety hazards given the nature of the industry as a whole. Although Ma'aden has developed and implemented the systems required to address such hazards, there can be no assurances against non-compliance with the MSHEM and the training programs and policies in relation thereto or a failure in the override protection system which may lead to personal injury or loss of life and damage to equipments.

Given the nature of the field in which MWSPC operates, equipment failure is envisaged, which may cause production losses, equipment defects and business interruption. Equipment defects may occur for many reasons, which include, but are not limited to, non-compliance with Ma'aden's engineering standards; non-compliance with the Higher Commission for Industrial Safety's ("**HCIS**") standards; improper handling of equipment; mechanical failure in the pumping station area; damage to the pipes of the pumping station; acid carryover; leakage or spillage of hazardous materials; human error; and faulty equipment.

Additionally, there are no assurances that MWSPC will be able to procure critical spare parts for consumable or defected parts of certain equipment such as bene equipment, evaporators, hot well sumps and water cooling towers. If MWSPC are not able to provide spare parts for consumable or defected equipment, MWSPC may not meet the production target which may affect MWSPC's financial position and future prospects.

Manufacturing of phosphate and potassium fertilizers and production of ammonia are business activities that involve a degree of hazardous risks, as MWSPC's operations are subject to the risks inherent in the use of chemicals in manufacturing. These hazards include loss of production, equipment defects, fires, explosions, release of toxic or hazardous substances, gases or materials and pollution which may result in penalties of fines imposed by the Ministry of Environment, Water and Agriculture ("**MEWA**"), exposing the health and safety of the employees to risks and business interruption.

If any of the abovementioned factors materialize, they may have a material adverse effect on MWSPC's business, financial position, results of operations and prospects will be negatively and materially affected and therefore, increasing Ma'aden's stake in MWSPC will increase Ma'aden's current exposure to such risks.

1-3-6 Risks related to continuing service of certain of the Group's senior executives and key personnel

MWSPC's future growth and success depends in part upon the knowledge and continuing service of certain Senior Executives and key personnel who possess experience, relationships and knowledge that are important to the operation of MWSPC's business as well as profitability and future growth. Given that MWSPC's headquarters is located in Turaif, a relatively remote location in the Northern Borders of the Kingdom, MWSPC may face difficulties in maintaining key personnel. Any failure to continue existing or generate new client relationships because of such persons leaving MWSPC could have a material adverse effect on its business, results of operations, financial condition or future prospects. There can be no assurance that MWSPC will always be able to retain the services of its key managers or personnel or attract and retain replacements or additional qualified managers, as and when needed. MWSPC's inability to meet future recruitment requirements may also result in high costs. The occurrence of any of the above risks could have a material adverse effect on MWSPC's business, financial position, results of operations and future prospects will be negatively and materially affected and therefore, increasing Ma'aden's stake in MWSPC will increase Ma'aden's current exposure to such risks.

1-3-7 Risks related to cyber attacks on MWSPC's information and operational technology systems

MWSPC's ability to ensure consistent operations, accurately monitor its costs and compete effectively depends upon the sophistication and reliability of its Information Technology ("**IT**") and Operational Technology ("**OT**") systems. External and internal risks, such as lack of cybersecurity awareness, shortage of cybersecurity skillsets and resources, non-compliance with cybersecurity policies, minimal cybersecurity involvement in certain project, absence of data classification and data management programs, inadequate incident response plans and protocols, failure to comply to regulatory requirements, malware, code anomalies, attempts to penetrate MWSPC's network and other cybercrimes. MWSPC's networks may also be subject to interruption due to unforeseen "force majeure" events or power outages.

MWSPC's facilities and systems, or those of third-party service providers, may be vulnerable to security breaches, acts of cyber terrorism or sabotage, vandalism or theft, computer viruses, loss or corruption of data, programming or human errors or other similar events. Because such attacks are increasing in sophistication and change frequently in nature, and as the Kingdom of Saudi Arabia is a regular target of such attacks, MWSPC and its third-party service providers may be unable to anticipate these attacks or implement adequate preventative measures, and any compromise of MWSPC's systems, or those of its third-party service providers, may not be discovered and remediated promptly, which could result in a breach and loss of data. A security breach, act of cyber terrorism or sabotage, vandalism or theft, computer viruses, loss or corruption of data or programming or human error made by MWSPC's employees may lead to a breach of consumer, service provider, employee and customer data privacy and security. Any such breach may result in a divulgence of such data to third parties against the will of all affected parties, which could undermine the privacy of such parties and result in reputational damage to the Company. In addition, this may result in a breach of applicable data protection laws and could adversely affect the Company's performance due to regulatory investigations, judicial proceedings or claims initiated against the Company in case it defaulted in preserving the safety and confidentiality of data and in ensuring compliance with the relevant controls on disclosing data in an accurate and timely manner via the appropriate channels. Any such breach or other similar event may also lead to a change of current and potential consumer behavior in a way that would impact MWSPC's ability to retain current customers or attract new customers, which would materially and adversely affect MWSPC's business, financial position, internal operations (such as logistics, inventory and management), results of operations and future prospects.

Any disruption to the internet or MWSPC's IT or OT systems and/or technology infrastructure, including those impacting MWSPC's computer systems and website, or the occurrence of any of these risks, would adversely and materially affect MWSPC's business, results of operations, financial position and future prospects and therefore, increasing Ma'aden's stake in MWSPC will increase Ma'aden's current exposure to such risks.


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2. Market and Industry Section

Overview of Fertilizers

Fertilizers are commonly used to improve soil fertility by enhancing nutrient content in the soil and, accordingly, to increase crop production and yields. The primary macronutrients include nitrogen, phosphorus, and potassium, which are essential elements required for plant growth.

Each of the three key nutrients serves a different vital function and a proper balance of the three nutrients is necessary to maximize the fertilizer's effectiveness. Phosphorus is essential to plant root development and is required for photosynthesis and seed germination. Nitrogen is an important determinant of plant growth and crop yield because it is a building block of protein and chlorophyll. Potassium improves a plant's water regime and its ability to withstand the stress of drought, disease, cold weather, weeds, and insects. Although these nutrients are naturally found in soil, these are depleted over time by farming, which leads to declines in crop yields and land productivity. To replenish these nutrients, farmers must apply fertilizers.

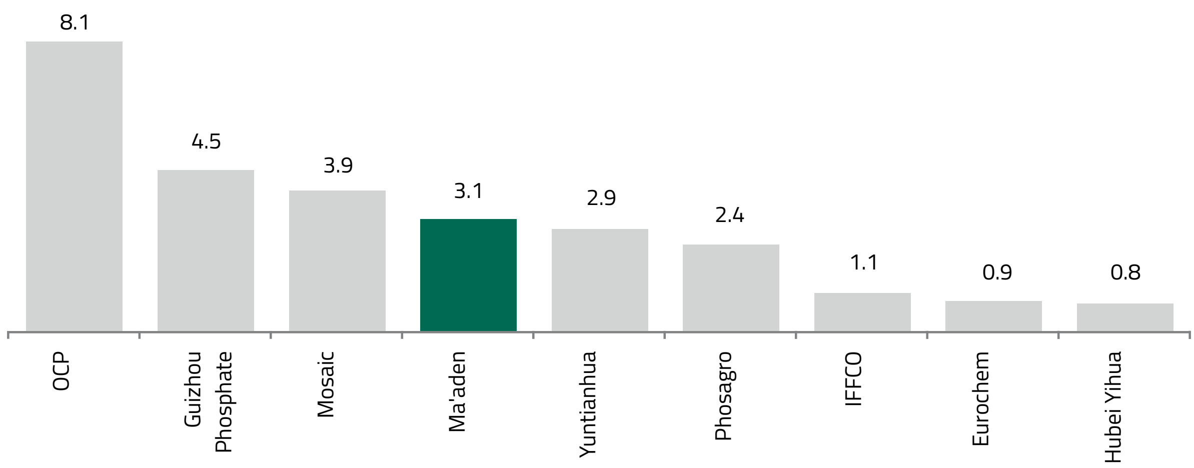
Background on the Phosphate Industry

Phosphorus is a relatively scarce mineral. Commercially viable phosphorus is found in ore bodies (typically with associated carbonates and silicates), referred to collectively as phosphate rock. Most phosphate fertilizers are manufactured from phosphate rock. There is currently no substitute for phosphorous rock as the raw material source used in the production of phosphate fertilizers. While phosphate rock resources are widespread throughout the world, high-grade deposits with low impurities are becoming more difficult to find and more costly to develop. The largest deposits of phosphate rock are found in Morocco, China, the Middle East and the U.S. Large deposits have also been delineated in Brazil, Canada, Finland, Russia and South Africa. As per its 2022 Annual Report, Ma'aden has disclosed approximately 7.4bn tons of phosphate rock mineral resources. The resources of Ma'aden are sufficient to operate its phosphate plants for more than 50 years.

Phosphate rock is mined and then processed using Sulphuric acid and mixed with ammonia to produce phosphorus-based fertilizers (phosphates). The primary phosphate fertilizer products are Diammonium Phosphate ('DAP') and Monoammonium Phosphate ('MAP'). DAP has a phosphate content of approximately 46% and a nitrogen content of approximately 18%, and MAP has a phosphate content of approximately 52% and a nitrogen content of approximately 11%. The DAP production process has three main steps: the mining of phosphate rock, its conversion into intermediary phosphoric acid (typically by reacting it with Sulphuric acid), and the transformation of the phosphoric acid (by the addition of ammonia) into DAP. The production of MAP follows the same process and uses the same equipment. The leading producing countries of phosphate fertilizers are Morocco, U.S., China and Russia. Other notable grades of phosphate fertilizers include Triple Superphosphate ('TSP'), Single Superphosphate ('SSP'), and blends of NP/NPK (N - nitrogen, P - phosphorous and K - potassium). The leading producers of phosphate fertilizers are shown below.

Figure (1): Leading phosphate fertilizer producers by phosphoric acid capacity, worldwide (2023E)

(mt P2O5)



Source: CRU, capacities for total phosphoric acid

Phosphate Demand

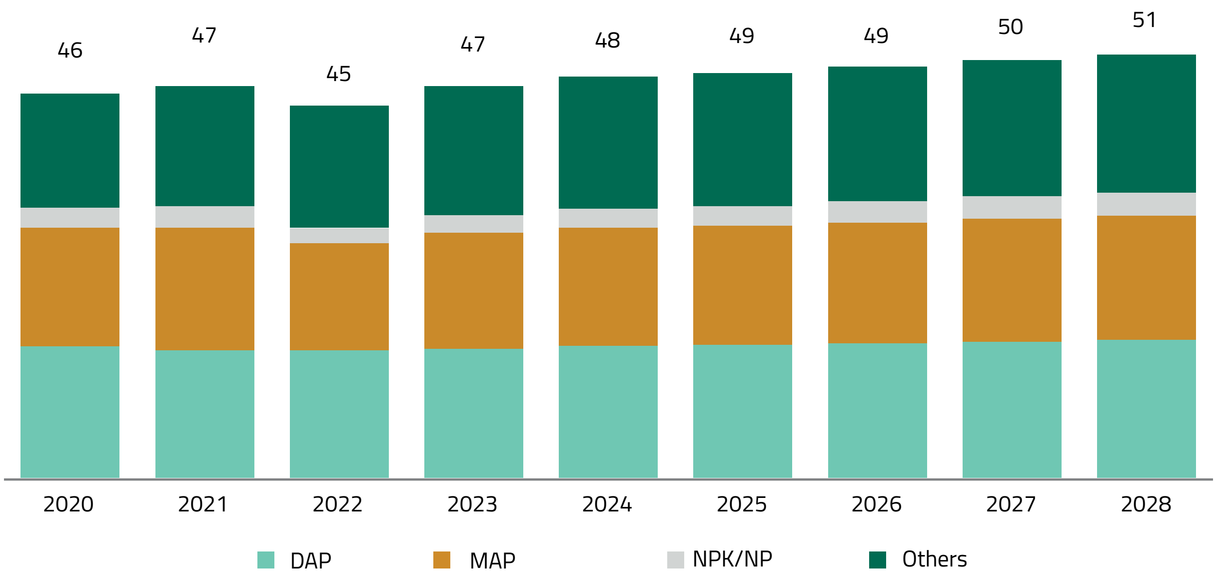
Global consumption of ammonium phosphates is driven by population growth, food security and strongly influenced by general economic drivers. According to CRU, total worldwide demand for phosphates during 2023 was estimated at 47mt P2O5, with a CAGR of 1.3% between 1975 to 2023, although significant year-on-year variation has persisted over time.

Gross domestic product ('GDP'), food demand and population growth are the main variables driving agricultural supply, which in turn drives demand for phosphate fertilizers, including DAP and MAP. Over the next five years, CRU expects phosphate consumption to increase at approximately 1.6% CAGR from 2023 to reach approximately 51mt P2O5 in 2028.

Worldwide historical trends in DAP consumption are shown in the graph below.

Figure (2): **Phosphate consumption by product**

(mt P2O5)



Source: CRU

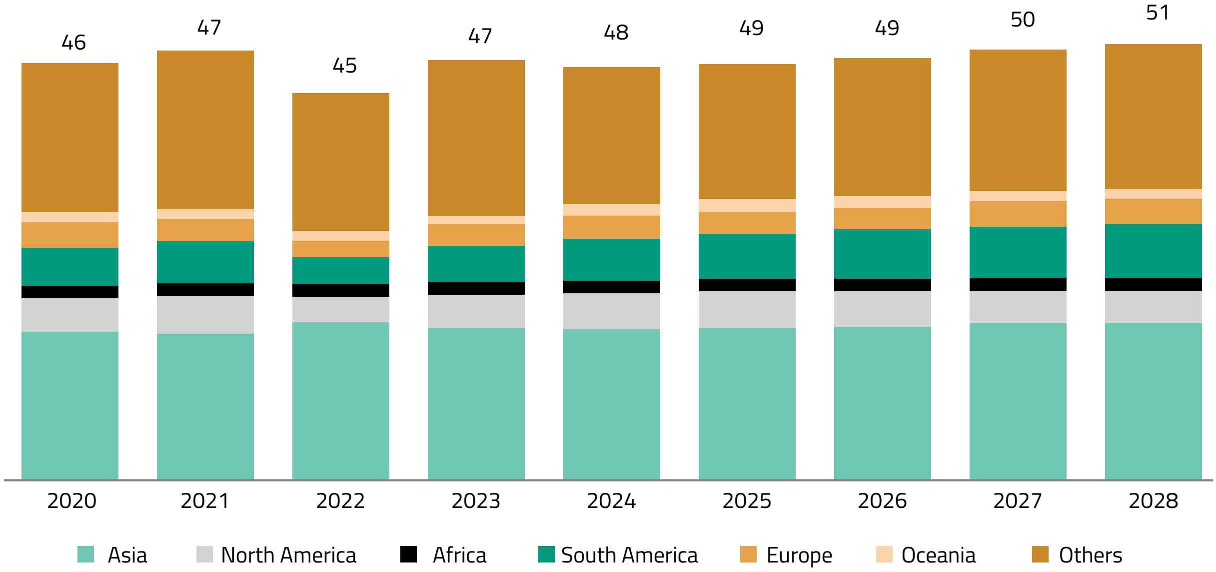
The largest consumer of phosphate fertilizers is China. China's use of DAP began in the late 1970s, and today China is the world's largest consumer of DAP globally, consuming approximately 4mt P2O5 of DAP in 2023 and accounting for approximately 27% of the global consumption of DAP. Furthermore, China's combined DAP and MAP consumption accounts for approximately 37% of global consumption. While China was once the world's largest importer of DAP, accounting for over one-third of trade in the mid to late 1990s, by 2005, China's DAP and MAP exports were roughly equal to its import of DAP and MAP, following rapid development of its domestic phosphates' capacity and, by 2013, China was a net exporter of DAP and MAP.

The Indian Subcontinent is one of the largest consumers of ammonium phosphates in the world. The region is not self-sufficient in ammonium phosphates and is the largest importer despite utilizing 85% of their 14mt of DAP+NPK/NP indigenous capacity annually. India relies on all raw material imports for phosphate production and hence it is not economically viable to increase further production. Consumption in India and South Asia is forecast at approximately 1.5% per year from 2023-2028. In 2023, imports account for approximately 60% of total ammonium phosphates consumption in the region. India imports 4.5-7.0mt of DAP every year depending on prices and seasonal demand. India's largest DAP exporter is China, followed by Saudi Arabia. With China's export restrictions, Saudi Arabia, Russia, and Morocco have taken over as the largest exporters to India in 2021/2022. The geographical proximity of India to Saudi Arabia gives the latter a significant cost and time advantage over China, Russia, and Morocco with a voyage time of only seven days compared to 14-35 days for the rest of the exporters.

Brazil is one of the largest consumers of phosphatic fertilizer, with MAP consumption of over 5mt annually. The two main crops for Brazil are soybean and corn; the production of these two crops often determine the demand for MAP fertilizers. Brazil's affordability of fertilizers is measured with the soy/corn barter ratio. The barter rate is the ratio of the price of a bag of soybean/corn to one ton of fertilizer. Brazil phosphate demand has risen consistently in the last five years due to an increase in crop plantation.

Figure (3): Phosphate consumption by region

(mt P2O5)



Source: CRU

Phosphate Supply

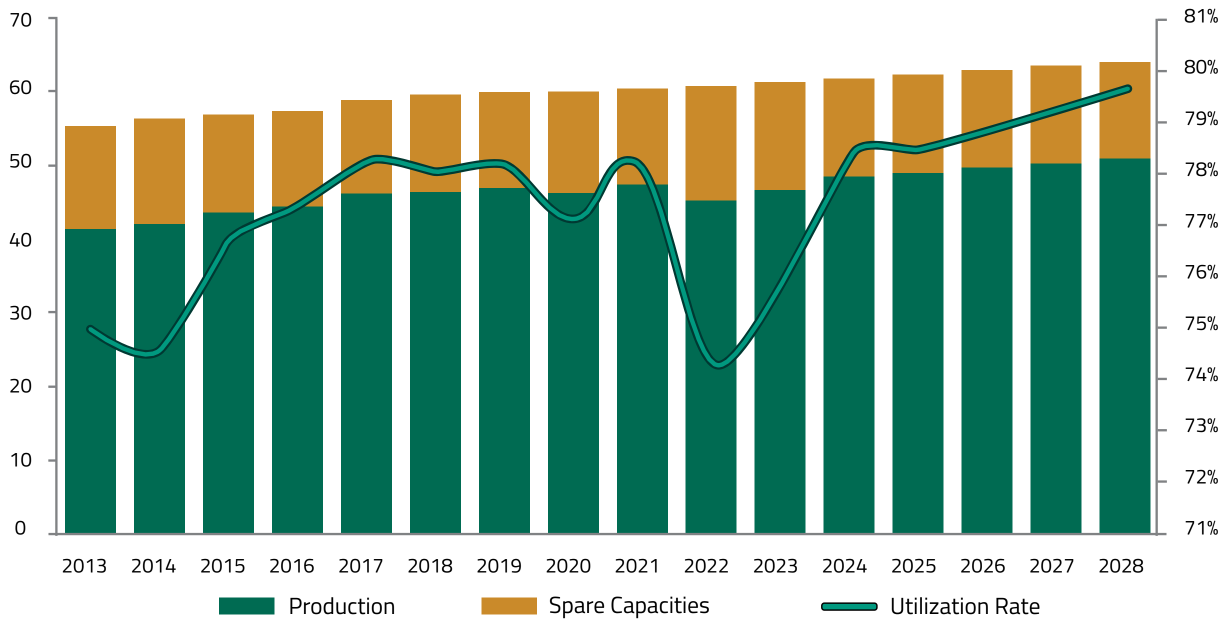
World capacity for all solid ammonium phosphates grew at a CAGR of 1.3% during 2012-23 and is forecast to grow at a CAGR of 0.9% per year during 2023-28. The U.S. had the largest capacity until 2007, when it was surpassed by mainland China. Major capacity increases occurred in Africa (Morocco), the Middle East and the CIS and Baltic States during 2017-22, while capacity reductions occurred in the U.S., mainland China, Canada, and Western Europe. The bulk of both MAP and DAP capacity is located in mainland China, accounting for over 30% of total global capacity in 2023.

Over the last 2 years, restrictions in supply from China and the war in Ukraine altered phosphate fertilizer trade flows, with Europe increasing imports from Morocco. Russian producers accounted for 30% of global phosphates supply in 2021 and have been impacted by sanctions relating to the conflict in Ukraine. China's export of phosphates has been impacted by restrictions on exports to control the domestic phosphate fertilizer prices, and regulations impacting rock phosphate mining in the country. The Russian war, Chinese export restrictions and the countervailing duties in the U.S. which increased the costs for Russia and Morocco to export DAP/MAP to the U.S. forced the Saudi Arabian phosphate trade diversification recently which has created new market opportunities for the country.

As a result, the largest exporter of all ammonium phosphates is Africa with 27.6% of the total in 2022, followed by the Kingdom of Saudi Arabia. (20.0%), mainland China (19.7%), the CIS and Baltic States (16.7%), and the U.S. (10.5%).

Figure (4): **Worldwide phosphate production, capacity and operating rate**

(mt P2O5)



Source: CRU

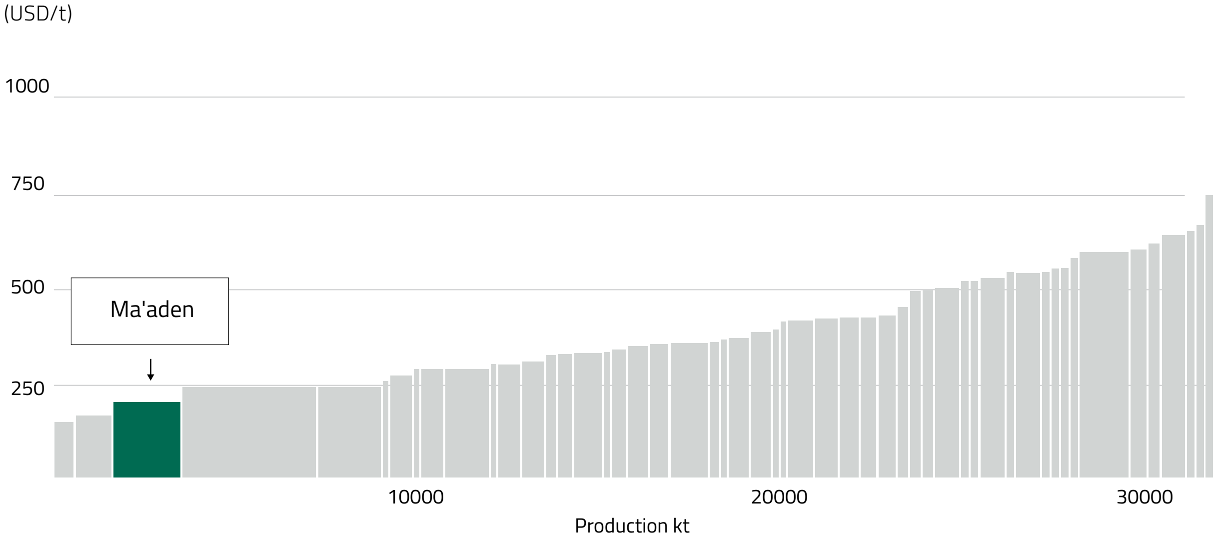
According to CRU, total P2O5 capacity is expected to grow by 2.8mt through 2028. This includes capacity increases by Morocco (~300kt), Egypt (~500kt), India (~500kt), and Saudi Arabia where Ma'aden is developing Phosphate 3 - Phase 1 (~500kt). Phosphate supply is expected to remain tight in the next five years as consumption is expected to rise significantly higher than supply increases. This will lead to increase the utilization rate of the industry and leaving scope for further capacity additions. Also, most of these capacity increases other than Ma'aden's include phosphoric acid and not necessarily DAP/MAP/NPK/NP capacity additions. Therefore, the Ma'aden's Phosphate 3 plant will effectively be one of the largest contributors to increase supply of speciality phosphate fertilizer finished products as demand increases across the globe.

Phosphate Industry Cost Structure

The lowest cost P2O5 producers are vertically integrated, producing phosphoric acid with captive phosphate rock, ammonia through gas or coal, and Sulphuric acid by burning Sulphur. Saudi Arabia and Russia are the world's only fully-integrated phosphate producers. This puts the Saudi Arabian and Russian producers at the lower-end of the cost curve, making it feasible for these two countries to increase capacity in the future. On the other hand, China has integrated producers at the higher-end of the cost curve due to the higher input costs stemming from expensive ammonia and rock. Some large low-cost non-integrated producers having captive rock mines import both Sulphur and ammonia. According to CRU, an estimated 85% of all phosphate rock is used at captive P2O5 plants and the rest is exported. Some of the large producers also produce captive phosphoric acid to export.

The production cost of a fully-integrated and a semi-integrated phosphate producer is comparatively much lower than that for non-integrated plants. Historically, phosphate prices have often been based on the marginal cost of production.

Figure (5): DAP cost curve (2023E)



Source: CRU

Phosphate Prices

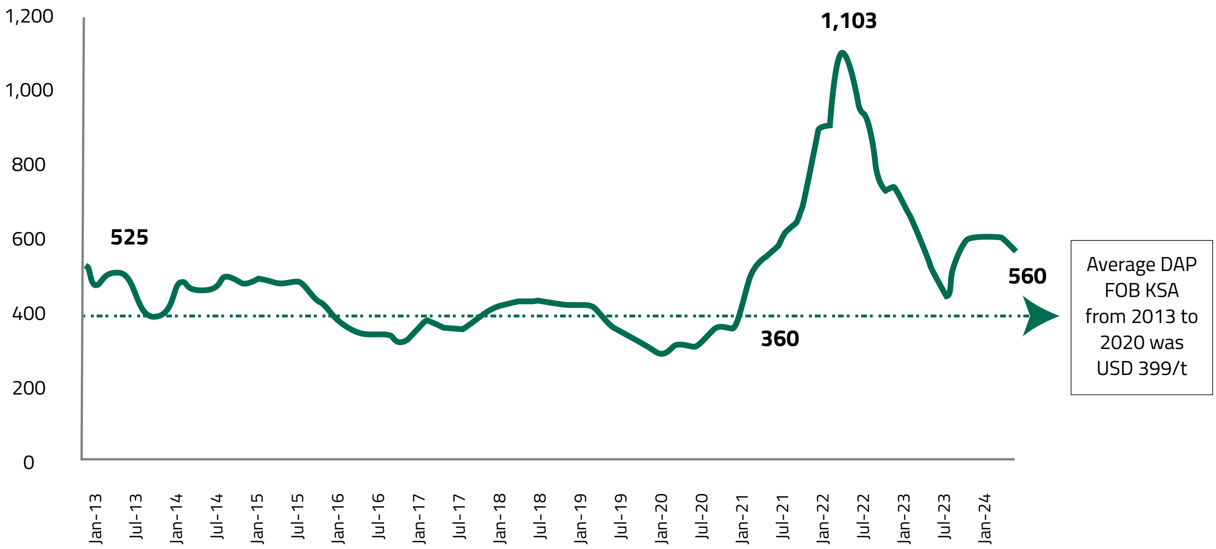
DAP, as well as other phosphate fertilizers and its raw materials or intermediates—phosphate rock, Sulphur/Sulphuric acid, phosphoric acid, ammonia—are not exchange-traded commodities (with some very minor exceptions). DAP prices are typically determined by spot selling, public and private tenders, and negotiated contracts for specified quantities over a period (typically six months or a year, with a formula to adjust for changes in the market price over time). As such, DAP market prices are quite transparent, with several fertilizer trade publications quoting on a weekly basis.

High crop prices coupled with limited supply due to Chinese restrictions on exports and the conflict between Ukraine and Russia supported phosphate fertilizer prices in 2022, with the FOB KSA DAP peaking at approximately USD1,100/t in April 2022. Major phosphate fertilizer price benchmarks have since declined from the peaks in 2022. Prices of FOB KSA DAP fell in 2023 to a low of USD441/t as declining input costs, crop prices and energy prices removed price support. Prices have since recovered to USD596/t in December 2023 due to further Chinese restrictions on market in Q4 2023. Although the DAP price declines from 2021/22 to 2023 look sharp, the average DAP KSA FOB index in 2023 according to CRU was USD566/t, which is well-above the historical average of USD399/t from 2013-2020. Historical price spike patterns show that after a major spike in phosphate prices, the market usually adjusts to a new normal which is affordable enough to support demand. Also, China's cost disadvantage due to raw material import dependency is expected to keep them at the higher-end of the cost curve, thus acting as the marginal cost producer setting a floor for the phosphate prices which are significantly lucrative to any other low-cost producers such as Russia, Morocco and Saudi Arabia.

CRU expects phosphate fertilizer apparent demand, including consumption and inventory restocking, to rise led by India, the U.S. and Brazil. This rise is likely due to the need to restock inventories. CRU saw consumption of phosphate fertilizers rise by 5.1% in 2023 and expects a 1.6% increase in 2024.

Figure (6): DAP benchmark price, FOB KSA

(USD/t)



Source: CRU

Phosphate Outlook

Demand for fertilizers is determined mainly by the outlook for crop production, which is related to food consumption, as well as the need for animal feed, natural fibers and biofuels. Following restocking in 2023, demand growth should slow in the medium-term but agricultural consumption will steadily rise on improved affordability. Global DAP+MAP production and exports are likely to rise by 4% and 9% respectively in 2024, reaching 30mt and 14mt. Export growth will be led by China, Morocco and Russia.

CRU expects phosphate fertilizer prices to fall further in 2024 as inventories grow, key input material costs decline, and crop prices fall. However, prices are expected to remain higher than historical averages. CRU estimates that the DAP KSA FOB price will decline to USD462/t in 2024 from USD566/t in 2023. Average 2013-2020 KSA FOB prices were at USD399/t and average 2018-2020 were at USD367/t, indicating that the new corrected phosphate prices are expected to be significantly higher than historical averages. Prices should then rise slightly from 2025 as agricultural consumption increases.

Background on the Ammonia Industry

Ammonia Demand

Ammonia is used in fertilizer production and is typically upgraded to other nitrogen products (urea/nitrates/DAP/MAP). According to CRU, fertilizers was the largest ammonia consumer with a steady share through 2023 at around 70% of total consumption. Demand for ammonia is also driven by a broad range of industrial products/other chemicals (e.g. caprolactam and acrylonitrile) and consumer applications.

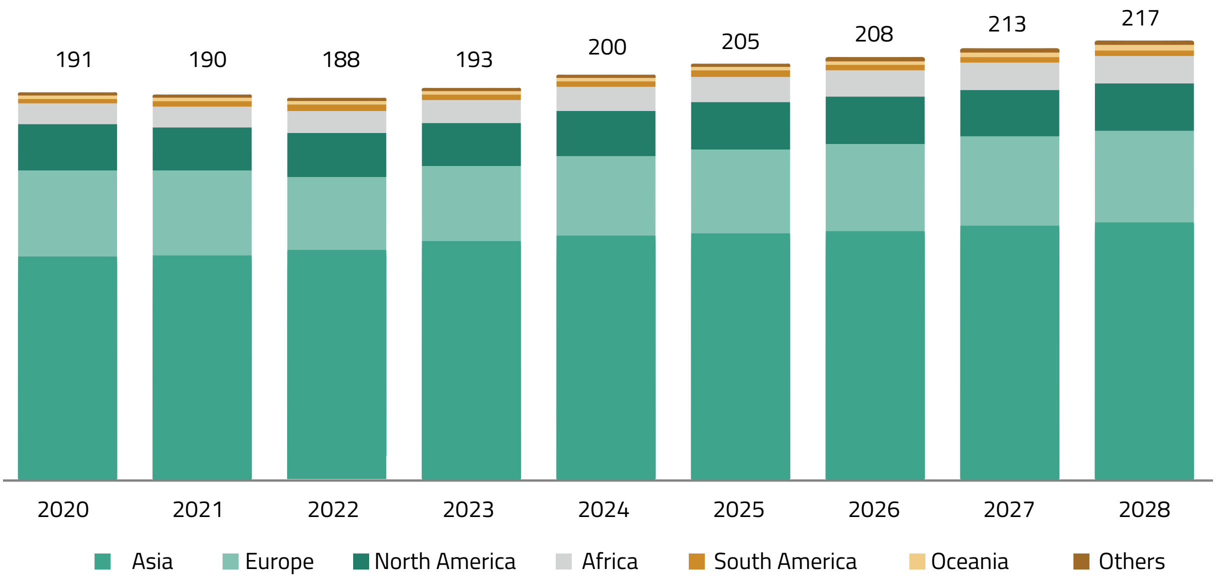
Figure (7): Breakdown of ammonia demand by end-market

Source: Company estimates

Only 9% of the ammonia produced globally in 2023 was traded. Ammonia is produced from the combination of nitrogen (82%) and hydrogen (present in natural gas) under high temperature and pressure. Ammonia is primarily used as a raw material for the manufacture of nitrogen fertilizers and ammoniated phosphates (DAP/MAP) via the reaction with phosphoric acid. Many phosphate producers partly or wholly rely on purchased ammonia and are therefore exposed to the price volatility of ammonia in the international market. A regional breakdown of global ammonia consumption is shown in the graph below.

Figure (8): Ammonia consumption by region

(mt)



Source: CRU

Ammonia can also serve as a hydrogen / energy carrier with different applications. For example, ammonia can supply hydrogen for power generation and work as a battery to store hydrogen. Ammonia also has direct use as a marine fuel in a ship's combustion engine with leading ship engine manufacturers focusing on developing the technology. Further, blue or green ammonia could help in the de-carbonization of fertilizers and hence reduce the carbon emissions of agriculture, one of the largest sources of carbon dioxide emissions globally.

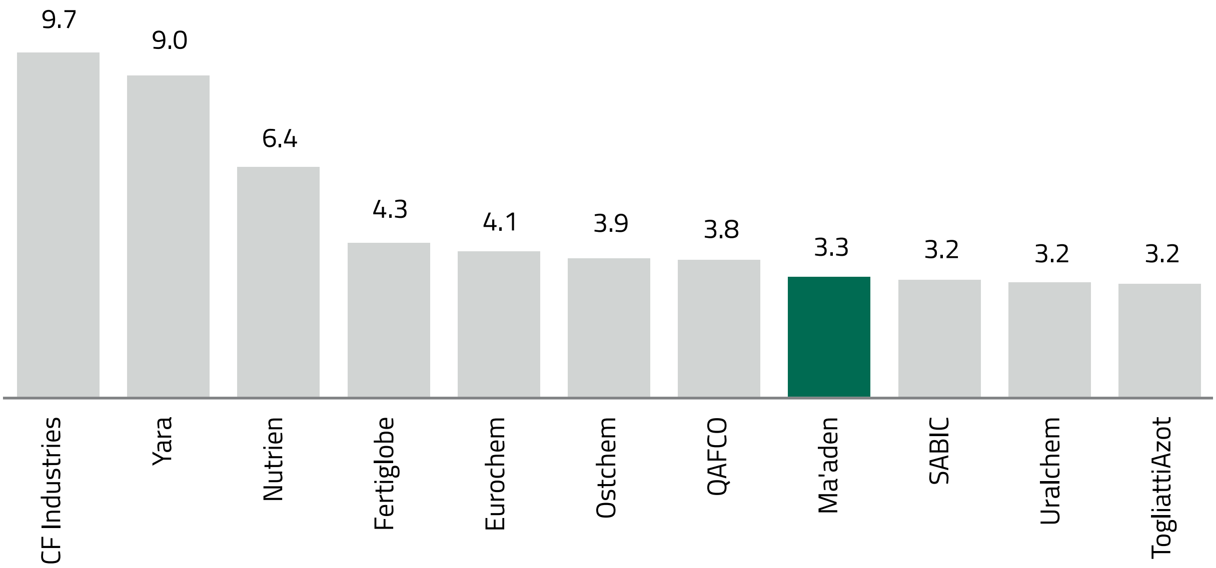
Ammonia Supply

Total global ammonia capacity is forecast to increase at a CAGR of 1.2% from 239mt in 2023 to 255mt in 2028. However, these capacity increases do not signify an increase in trade volumes as most of the capacity rises are going to be absorbed in urea production. Capacity increased over time in areas where the availability and cost of natural gas is lower, in particular, the U.S. and the Middle East. Mainland China is the largest producer, followed by Eastern Europe and Southwest Asia. The Middle East and the U.S. are also major producers, along with Southeast Asia and Africa. Mainland China has dramatically increased capacity based on low-cost coal to reach domestic self-sufficiency, but several ammonia plants are closing because the coal plants that provide feedstock are being shut down as a result of environmental concerns.

Despite the increase in ammonia capacity, merchant ammonia capacity additions are limited and are partially offset as new downstream standalone urea and phosphate facilities are starting up, absorbing available merchant ammonia. For example, in 2022, Ma'aden ramped-up its 1.1mt train in Saudi Arabia (Ammonia 3). Ma'aden's ammonia capacity will be consumed downstream in ammoniated phosphates production once its phosphate capacity commissions (Phosphate 3). Ma'aden is one of the largest exporters of ammonia. The leading ammonia producers are shown below:

Figure (9): Leading ammonia producers by capacity, worldwide (2023E)

(mt)

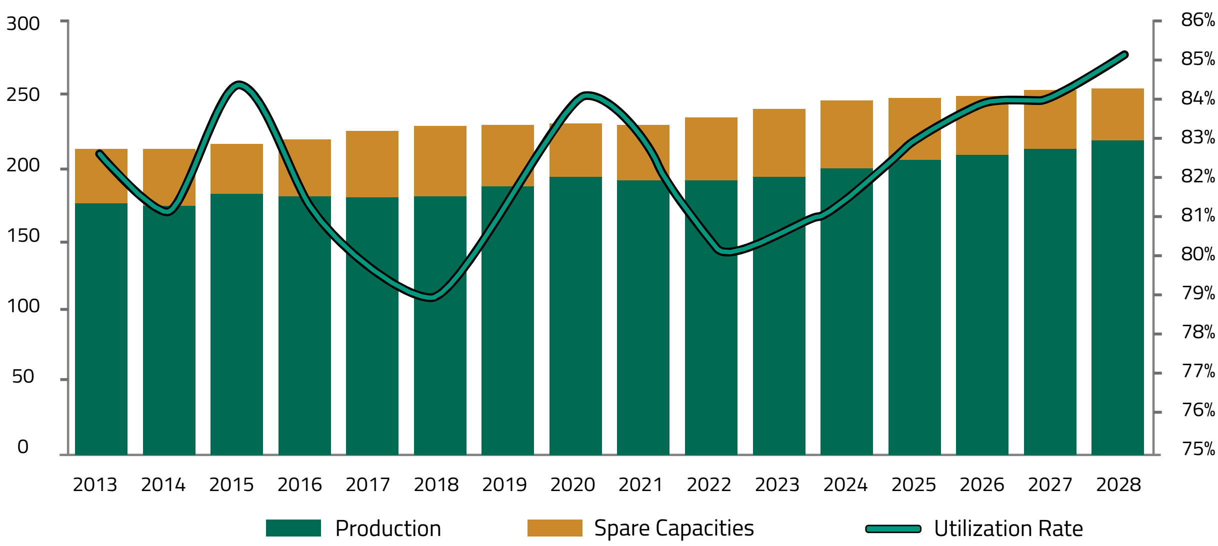


Source: CRU, Total Ma'aden Ammonia capacities over 3mt

The global ammonia market, although may appear to be oversupplied in the short-term, is expected to be evenly balanced from 2024 onwards according to CRU. This is mainly because there are no new projects announced in the next 5 years apart from U.S. Gulf projects. Ammonia demand is expected to increase with the rise in new phosphatic plants. Also, the Ma'aden Phosphate 3 plants will be absorbing a modest volume of ammonia which is now traded in the market. An overview of worldwide ammonia supply is shown below.

Figure (10): Worldwide ammonia production, capacity and operating rate

(mt)



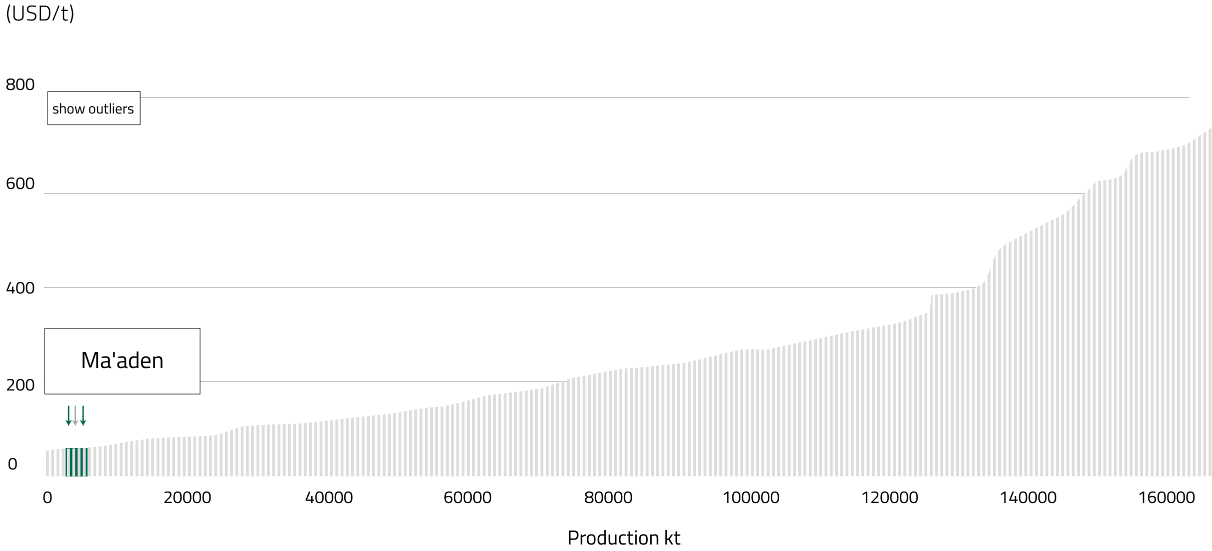
Source: CRU

Ammonia Industry Cost Structure

Outside China, natural gas is the main feedstock for ammonia plants. However, depending on the plant, naphtha, heavy fuel oil or coal (of varying grade) may also be used. Feedstock costs differ greatly, depending on the type of feedstock used and the technology at the plant, which has an impact on the feedstock demand per ton of ammonia. According to an analysis by CRU, natural gas demand per ton of ammonia can vary from approximately 30 million British thermal units per ton (mmbtu/t) in newer production facilities to nearly 40mmbtu/t in older production facilities. Heavier types of feedstocks, such as fuel oil, coal and naphtha, will also require a much higher gas use per ton of ammonia.

As a result of low natural gas costs, plants located in the Kingdom, and generally those in the wider MENA region with available supplies of low-cost natural gas, are positioned towards the bottom end of the global cost curve. The high end of the cost curve is represented mostly by the European, Ukrainian and some Asian producers, which operate either on oil-indexed natural gas contracts or other feedstock types such as fuel oil.

Figure (11): Ammonia cost curve (2023E)



Source: CRU

Ammonia Prices

Price volatility and cyclicality are inherent characteristics of the ammonia market because it is primarily driven by supply and demand. Mismatches in supply and demand also occur in the market for feedstock used in the manufacture of ammonia, such as gas, and in the market for downstream products, such as urea and DAP/MAP, which also contribute to the volatility.

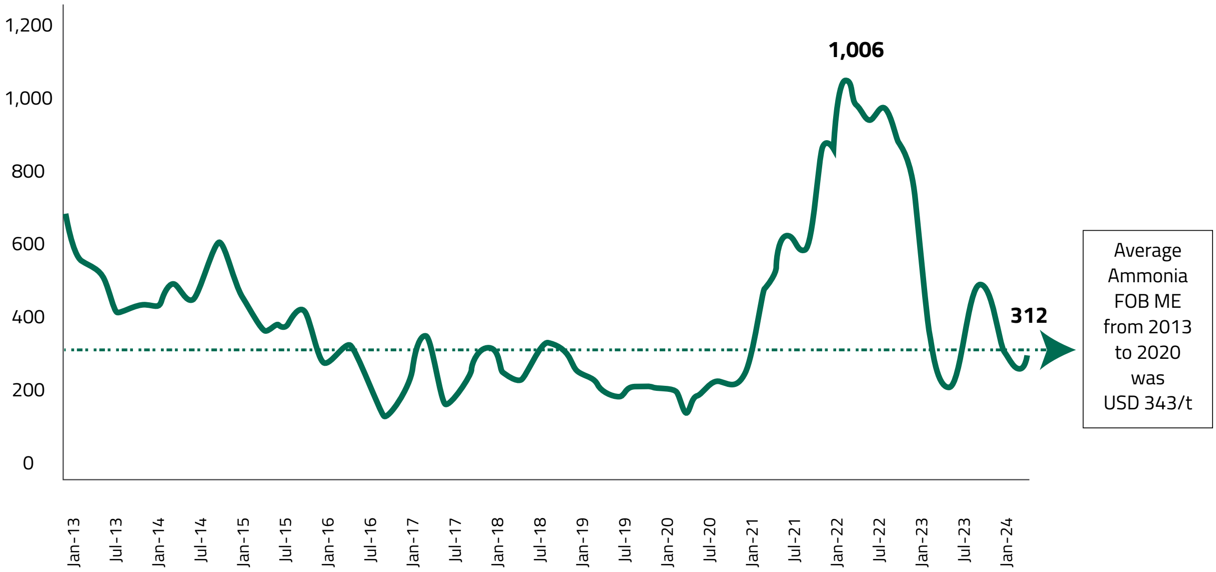
Natural gas prices have a material impact on the ammonia market as they substantially determine the production cost and usually set the floor price of ammonia. The price of natural gas will often determine a plant's competitiveness and drive capacity closures and new supply. Export-focused capacity in high-cost regions, such as Western Europe, determines the higher floor price of ammonia for the West market. However, export-focused high-cost regions in the East, such as Southeast Asia determine the higher floor-price of ammonia for the East. High-cost exporters typically play a role in ammonia trade when demand is strong, and the market balance is tight. When the supply/demand balance weakens and price softens, these producers reduce operating rates, leading to a tightening of the market. Thus, marginal exporters have previously behaved as swing producers in the merchant ammonia market.

The merchant ammonia market is also characterized by limited inventory capacity. Therefore, the fluctuations in crop, DAP and chemical prices and supply/demand balances are quickly transferred to the ammonia market. The price of urea often takes the lead in setting the price in wider nitrogen markets. However, merchant ammonia prices tend to be relatively independent and are usually only affected when relatively lower (per ton nitrogen) urea prices result in curtailed urea production and therefore greater ammonia availability.

In 2022, trade uncertainty and diversification due to the conflict in Ukraine resulted in the Ammonia FOB ME price peaking at approximately USD1,010/t in April 2022. Russian export of 4.4mt ammonia were wiped out of the traded market in 2022 and the supply crisis led to stiff price rises. However, this made ammonia unaffordable for the fertilizer and industrial product industry, leading to demand destruction. The ammonia price FOB Middle East over 2023 has been volatile having retraced from approximately USD760/t in January 2023 to a low of approximately USD258/t in the second quarter of 2023. The price has since recovered to approximately USD480/t in quarter four of 2023 supported by tight supply. Ammonia prices have remained volatile through 2023, rising since June due to supply tightness arising from operational issues across the major producers such as Saudi Arabia, Oman, Trinidad, and Indonesia. Although the historical averages of CRU index of the Ammonia Middle East have declined from the peaks of 2021/2022 to an average of approximately USD420/t in 2023, they are higher than the historical index of 2013-2020 which stood at USD343/t and 2018-2020 at USD259/t. Also, CRU's latest ammonia price forecasts suggest that the average price for this index is expected to remain at USD484/t from 2024-2028, which is significantly higher than the aforementioned historical price benchmarks.

Figure (12): Ammonia benchmark price, FOB Middle East

(USD/t)



Source: CRU

Ammonia Outlook

Long-term forecasts for ammonia demand, which is the primary source of nitrogen for both fertilizers and technical applications, are driven by assumptions about trend growth rates in population, food demand, and relevant forecast indices or macroeconomic indicators, which determine agricultural markets and industrial production. CRU expects world total ammonia demand to increase from 193mt in 2023 to 217mt in 2028, which is equivalent to a compound annual growth rate of approximately 2.3%.

CRU expects ammonia prices to be under pressure in 2024 due to a supply surplus. However, prices are expected to rise again from a rebound is phosphate fertilizer and industrial product demand. Also, beyond 2024, there is no new capacity of ammonia which is expected to contribute to traded volume. This provides upside to the market contingent upon healthy demand trends.

3. The Transaction

3-1 Overview of the Transaction

On 21/10/1445H (corresponding to 30/04/2024G), Ma'aden made an announcement confirming signing the SPSA in respect of the Transaction. The SPSA included all the provisions and steps necessary to implement and complete the Transaction. For more information on the provisions of the SPSA, please refer to Section (5-2-5) ("**Summary of the SPSA**").

Pursuant to the SPSA, Ma'aden shall acquire 100% of the shares owned by Mosaic Phosphates (and the Guarantor's Marketing Rights) in MWSPC, which are two hundred and ten million and nine hundred and thirty seven thousands and five hundred (210,937,500) ordinary share with a nominal value of SAR (10) per share, by increasing the share capital of Ma'aden in accordance with Article (60) of the Rules on the Offer of Securities and Continuing Obligations and issuing 111,012,433 (one hundred and eleven million and twelve thousand and four hundred thirty-three)new ordinary shares, with nominal value of SAR 10 per share, in Ma'aden to Mosaic Netherlands through the Capital Increase. The Guarantor will guarantee the performance of the obligations and liabilities of Mosaic Netherlands under the SPSA to Ma'aden.

These shares will be issued by way of increasing the share capital of Ma'aden by (3.01%) from SAR 36,917,734,380 (thirty six billion and nine hundred and seventeen million and seven hundred and thirty four thousands and three hundred and eighty Saudi Riyals) to SAR 38,027,858,710 (thirty-eight billion twenty-seven million eight hundred fifty-eight thousand seven hundred ten Saudi Riyals) and increasing the number of Ma'aden's shares from 3,691,773,438 (three billion and six hundred and ninety one million and seven hundred and seventy three thousands and four hundred and thirty eight) ordinary shares to 3,802,785,871 (three billion eight hundred two million seven hundred eighty-five thousand eight hundred seventy-one) ordinary shares.

Upon the Transaction Completion, the current Ma'aden Shareholders will own (97.080760%) of Ma'aden's share capital after the Capital Increase and Mosaic Netherlands will own (2.92240%) of Ma'aden's share capital.

The 25% stake in MWSPC together with the Guarantor's marketing rights has a valuation of SAR 5,624,999,980 (five billion six hundred and twenty-four million nine hundred ninety-nine thousand nine hundred eighty Saudi Riyals). Based on this valuation, the Transaction consideration will consist in issuing new shares in Ma'aden with a total nominal value of SAR 1,110,124,330 (one billion and one hundred and ten million and one hundred and twenty-four thousand and three hundred and thirty Saudi Riyals). The total market value of the Consideration Shares is SAR 5,624,999,980 (five billion and six hundred and twenty-four million and nine hundred and ninety-nine thousand and nine hundred and eighty Saudi Riyals) based on the agreed 90-day volume weighted average price ("**VWAP**") of SAR (50.67) per share of Ma'aden's share as of 15/10/1445H (corresponding to 24/04/2024G). The total value of Consideration Shares to be recorded in the consolidated financial statements of Ma'aden will be determined based on the closing price of Ma'aden's share at the last trading day prior to the date of the Transaction Completion.

As the final Exchange Ratio is an integer, Mosaic Netherlands will have no fractions of shares.

The following table shows details of the direct ownership* in Ma'aden of each of the Substantial Shareholders of Ma'aden and the public prior to and following the Transaction as of 27/02/1446H (corresponding to 31/08/2024G):

Shareholder	Pre-Completion		Post-Completion	
	No. of Shares in Ma'aden	Shareholding % in Ma'aden	No. of Shares in Ma'aden	Shareholding % in Ma'aden
Public Investment Fund	2,480,263,014	67.183511%	2,480,263,014	65.222263%
Members of Ma'aden's Board of Directors (1)	169,888	0.004602%	169,888	0.004467%
Ma'aden's Senior Executives (2)	697	0.000019%	697	0.000018%
Mosaic Netherlands	N/A	N/A	111,012,433	2.919240%
Treasury Shares	5,313,156	0.143919%	5,313,156	0.139717%
Public (3)	1,206,026,683	32.667950%	1,206,026,683	31.714294%
Total	**3,691,773,438**	**100%**	**3,802,785,871**	**100%**

(1) Based on the shares owned directly by Ma'aden's directors only. For further information about the indirect ownership and interest, please refer to Section (3-3) ("**Shareholding of Ma'aden's Directors**").

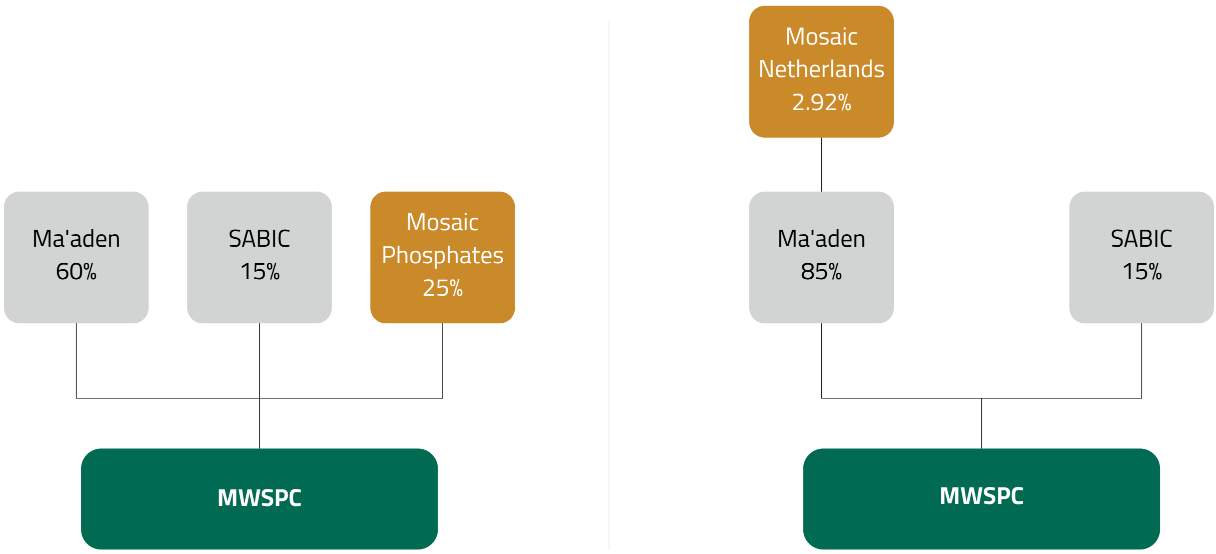
(2) Based on the shares owned directly by Ma'aden's Senior Executives only.

(3) Include all shares owned by none of the Substantial Shareholders, Directors or Senior Executives of Ma'aden, noting that Mosaic Netherlands' ownership in Ma'aden has been disclosed separately in this table.

* It should be noted that none of Ma'aden's Substantial Shareholders hold any indirect interest in Ma'aden.

The below diagram is a simplified description of the structure of Transaction:

Shareholding before the completion of the Transaction: **Shareholding after the completion of the Transaction:**



3-2 Transaction Rationale

This sub-section contains the views of Ma'aden on the expected benefits resulting from the Transaction. It further contains forward-looking statements, which are subject to risks and uncertainties, and hence reliance should not be placed on such statements. For further information on such risks, see the ("**Important Notice**") section of this Circular.

Nothing contained in this sub-section is intended to be or shall be deemed to be a forecast, projection or estimate of the future financial or operational performance of Ma'aden, MWSPC or the market, and no statement in this Circular should be interpreted to mean that earnings per share for current or future financial periods of Ma'aden post-Transaction would necessarily match or exceed historical earnings per share of Ma'aden shares.

The acquisition of Mosaic Phosphates' stake in MWSPC by Ma'aden represents a significant step in the decade-long Ma'aden and Mosaic Company partnership, further anchoring Ma'aden's commitment to growth and enhancement in the global phosphates market. MWSPC is a large scale, low cost asset, best in class in the industry and the Transaction provides great strategic and financial benefits to Ma'aden.

Set out below are the main objectives and expected benefits of the Transaction:

- **Delivers on Ma'aden growth agenda while preserving its balance sheet, with limited dilution to existing shareholders:** Milestone towards the objective of making Ma'aden the third pillar of Vision 2030 for the Saudi Arabia's economy
- **Further enhances the scale and low-cost profile of Ma'aden's phosphate business:** The consolidation of an additional 25% in MWSPC solidifies Ma'aden's position as a leading first quartile phosphate producer
- **Allows for significant revenue growth and market expansion:** By acquiring the Mosaic Company's marketing rights, Ma'aden will directly handle up to an additional 750,000 tons of fertilizer volumes annually, representing a 13% increase compared to its 2023 sales of c.5.9mt. This will allow Ma'aden to increase presence on its core markets and better serve its clients
- **Streamlined governance of MWSPC:** The transaction will streamline MWSPC's governance, with two shareholders remaining, enhancing the efficiency of the Board and management
- **Paves the way for potential operational synergies across Ma'aden's phosphate assets:** Post Transaction, MPC and MWSPC, Ma'aden's flagship phosphate assets, will be under the ownership of the same shareholders potentially facilitating synergies across various functional areas.
- **Continuation of the technical and operational services agreement with Mosaic Company:** The Transaction includes a long term agreement for a technical cooperation between Ma'aden and Mosaic Company, aimed at driving enhanced further efficiencies and fostering innovations within Ma'aden
- **Reduces value leakage to Ma'aden shareholders:** the acquisition of a further 25% stake will reduce minority interests in the P&L and balance sheet of Ma'aden and will increase Ma'aden share of any MWSPC dividend to 85%
- **The Transaction is accretive to earnings:** Pro-forma accretive to Ma'aden's earnings, excluding any potential operational synergies.

3-3 Shareholding of Ma'aden's Directors

The table below indicates the shareholding of Ma'aden's directors and their shareholdings, if any, in Ma'aden or MWSPC as of 27/02/1446H (corresponding to 31/08/2024G):

Name	Position	Status	Representing	Shareholding in Ma'aden				Shareholding in MWSPC			
				Direct	Indirect Interest (1)	Total	%	Direct	Indirect Interest (1)	Total	%
H.E. Yasir bin Othman bin Homoud Al-Rumayyan	Chairman	Non-executive	N/A	150,000	N/A	150,000	0.004063%	N/A	N/A	N/A	N/A
H.E. Eng. Khalid bin Saleh bin Muhammed Al-Mudaifer	Vice Chairman	Non-Executive	N/A	19,737	N/A	19,737	0.000535%	N/A	N/A	N/A	N/A
Dr. Ganesh Kishore	Member of the board of directors	Non-Executive	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ms. Sofia Bianchi	Member of the board of directors	Non-Executive	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Abdullah bin Saleh bin Jum'ah Aldosari	Member of the board of directors	Independent	N/A	1	N/A	1	0.000000%	N/A	N/A	N/A	N/A
H.E. Ahmed Abdulaziz Mohammed Alhakbani	Member of the board of directors	Independent	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Dr. Mohammed bin Yahya Abdulmughni Al-Qahtani	Member of the board of directors	Non - Executive	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Eng. Nabila Mohammed Makki Al-Tunisi	Member of the board of directors	Independent	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Richard O'Brien	Member of the board of directors	Non-Executive	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Robert Glenn Wilt	Member of the board of directors	Executive	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Dr. Manar Moneef Abdullah AlMoneef	Member of the board of directors	Independent	N/A	150	N/A	150	0.000004%	N/A	N/A	N/A	N/A

Source: Ma'aden

(1) Shares in which they have an indirect interest, meaning shares directly owned by: (1) companies controlled by the member, (2) the member's relatives, i.e., his spouse and minor children, or (3) the entity which the member represents.

3-4 Post-completion governance of Ma'aden's Board of Directors

Ma'aden does not envisage changes in its board of directors or its current executive management as a result of the Transaction.

3-5 Related Parties and Conflicted Directors

The Transaction does not involve Related Parties nor conflicted directors.

3-6 Pre-Completion and Post-Completion Shareholding Structure

The following table shows details of the direct ownership in Ma'aden of each of the Substantial Shareholders of Ma'aden and the public prior to and following the Transaction Completion as of 27/02/1446H (corresponding to 31/08/2024G):

Shareholder	Pre-Completion		Post-Completion	
	No. of Shares in Ma'aden	Shareholding % in Ma'aden	No. of Shares in Ma'aden	Shareholding % in Ma'aden
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Mosaic Netherlands	N/A	N/A	111,012,433	2.919240%
Treasury Shares	5,313,156	0.143919%	5,313,156	0.139717%
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Total	**3,691,773,438**	**100%**	**3,802,785,871**	**100%**

Source: Ma'aden.

(1) Based on the shares owned directly by Ma'aden's directors only. For further information about the indirect ownership and interest, please refer to Section (3-3) ("**Shareholding of Ma'aden's Directors**").

(2) Based on the shares owned directly by Ma'aden's Senior Executives only.

(3) Include all shares owned by none of the Substantial Shareholders, Directors or Senior Executives of Ma'aden, noting that Mosaic Netherlands' ownership in Ma'aden has been disclosed separately in this table.

* It should be noted that none of Ma'aden's Substantial Shareholders hold any indirect interest in Ma'aden.

3-7 Overview of MWSPC's Operations

3-7-1 Incorporation and Shareholding Structure

Ma'aden Wa'ad al Shamal Phosphate Company (MWSPC) is a limited liability company incorporated under the laws of Saudi Arabia with commercial registration number 3451002631 and with its registered address at Turaif, Saudi Arabia and its mailing address at P.O Box 68861, Turaif, Kingdom of Saudi Arabia.

MWSPC directly carries out its activities through its branch located in Ras Al-Khair, KSA, which details are mentioned in Section (3-7-4) ("**MWSPC's Branch**") below.

MWSPC's current share capital is SAR 8,437,500,000 (eight billion four hundred and thirty-seven million and five hundred thousand) Saudi Riyals divided into 843,750,000 (eight hundred and fourty three million and seven hundred and fifty thousands) equal ordinary shares, with nominal value of SAR 10 per share. The paid-up capital of MWSPC upon incorporation is SAR 1,501,875 (one million five hundred and one thousands and eight hundred and seventy-five Saudi Riyals). The below table shows MWSPC's shareholding as of the date hereof:

Shareholder	Pre-Completion		Post-Completion	
	No. of Shares	Shareholding %	No. of Shares	Shareholding %
Ma'aden	506,250,000	60%	717,187,500	85%
Mosaic Phosphates	210,937,500	25%	N/A	N/A
Saudi Basic Industries Corporation (SABIC)	126,562,500	15%	126,562,500	15%
Total	**843,750,000**	**100%**	**843,750,000**	**100%**

Source: Ma'aden

3-7-2 MWSPC's Business Activities

The activities of MWSPC, under its Articles of Association and commercial registration certificate, are indicated below:

1- Manufacture of phosphate fertilizers.
2- Manufacture of potassium fertilizers.
3- Production of ammonia.

MWSPC shall perform its activities in accordance with the applicable laws and subject to obtaining the necessary licenses from the competent authorities, if any.

3-7-3 Projects under study or implementation

MWSPC studies, implements and develops a number of projects to sustain its production capacity, such as:

1- Extend existing tailing storage facility (TSF) capacity project, modification of the dike wall to increase existing TSF capacity. The 3-meter dike extension is completed, and the MWSPC team is working on the 10-meter dike extension;
2- Construction of gypsum stack phase 2 project, DCS Upgradation, this expansion project avoids plant shutdown. The MWSPC team has successfully hand over stage 1 to operations and is currently working to complete the stage 2;
3- Distributed control system and network enhancement project, upgradation consist of upgrading the existing system to the new software and hardware to avoid plant disruption in plant operation. NWS (network Security) Enhancement is required to comply with cybersecurity requirements;
4- Construction of new tailing storage facility (TSF) project, Phase 1 of the project will provide additional capacity of approx. 25M m3 of capacity and expected to last for eight years. Succeeding expansion of the height is planned for the years after; and
5- Upgrade open system interconnection process information (OSI-PI) project (Plant Information System), implemented in order to comply with the latest software updates and other user requirements.

3-7-4 MWSPC's Branch

The following table shows the details of a branch of MWSPC. It should be noted that this branch company is established and operates in the KSA.

Company Name	Legal form	Shareholding	Main Activity
Ma'aden Wa'ad AlShamaal Company	Company Branch	100%	1- 201220 - Manufacture of phosphate fertilizers in accordance with Industrial investment license NO. (1019350234788) dated 17/12/2023G. 2- 201230 - Manufacture of potassium fertilizers in accordance with Industrial investment license NO. (1019350234788) dated 17/12/2023G. 3- 201252 - Production of ammonia in accordance with Industrial investment license NO. (1019350234788) dated 17/12/2023G.

Source: Ma'aden

3-7-5 MWSPC's Managers and Executives

MWSPC's current board of managers consists of seven (7) managers, four (4) of whom are appointed by Ma'aden, two (2) of whom are appointed by Mosaic Phosphates, one (1) of whom is appointed by SABIC, in each case pursuant to a separate resolution of the shareholders. Each shareholder shall vote for the appointment of the managers nominated by the shareholders. MWSPC does not have any committees in place. Negotiations and discussions between Ma'aden and SABIC are underway to amend and restate the MWSPC's SHA, including matters relating to the management of MWSPC, and the agreed matters in this regard shall be reflected in MWSPC's Amended SHA and AoA.

The current term of the board of managers of MWSPC extends for three (3) Gregorian years, starting on 08/06/1444H (corresponding to 01/01/2023G) and ending on 11/07/1447H (corresponding to 31/12/2025G). The below table shows MWSPC's managers and their positions and membership capacity, the entities represented by the managers, and their ownership in each of MWSPC and Ma'aden, as follows:

Name	Title	Entity Represented	Shareholding in MWSPC				Shareholding in Ma'aden			
			Direct	Indirect Interest (1)	Total	%	Direct	Indirect Interest (1)	Total	%
Walter Francis Precourt the third	Board Manager	MOSAIC	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Jonathan Beck Breviu	Board Manager	MOSAIC	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Yazeed bin Abdulaziz bin Abdulrahman AlAngari	Board Manager	SABIC	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Atallah Nehal Nehal Khan	Board Manager	MA'ADEN	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Hassan Madani Mohammed Al Ali	Board Manager	MA'ADEN	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Anas Muhammad Hamad Albassam	Board Manager	MA'ADEN	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Muhammad Issa Ali Marouhi	Board Manager	MA'ADEN	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: Ma'aden

(1) Shares in which they have an indirect interest, meaning shares directly owned by: (1) companies controlled by the member, (2) the member's relatives, i.e., his spouse and minor children, or (3) the entity which the member represents.

With regard to the Senior Executives, the following table shows MWSPC's Senior Executives and their positions:

Name	Title
Hassan Abdulrazaq Al Baghdadi	Senior Executive – President of MWSPC and Senior Vice President of Production
Dhiyab Hamdan Al Anazi	Senior Executive - Vice President, Operation
Turki Alnashmi H. Al Shammari	Senior Executive - Vice President, Maintenance
Ismail Sulbi	Senior Executive - Vice President, Mining
Saleem Yousef Nsheiwat	Senior Executive - Vice President of MWSPC Technical Continuous Improvement
Sultan AlShalan	Senior Executive - Director, HSE & S
Mamduh H. Al-Ruwaili	Senior Executive - Financial Controller, Performance and Budgets Planning in MWSPC

Source: Ma'aden

3-7-6 Lawsuits and claims against MWSPC

MWSPC is involved in one case filed by MWSPC (as a plaintiff) as of the date of this Circular. This case relates to an EPC contract whereby the counterparty has failed to satisfy the technical and contractual requirements under such contract, which constitute usual matters in the course of MWSPC's business, for which MWSPC claims USD 243,500,000 (SAR 913,125,000) for failure to satisfy the technical and contractual requirements under an EPC contract, whereas the counterparty claims USD 123,000,000 (SAR 461,262,300.00), noting that this amount is approximate since the total amount of such claim may be higher or lower, and the arbitration is still ongoing. It should be noted that MWSPC did not make any financial provision and did not write off or derecognize any debts in connection thereof.

In addition, MWSPC has not obtained any final judgments or order instruments in relation to any other claim or lawsuit, and there is no lawsuit or claim in which MWSPC is a party (including any pending or threatened lawsuit) that could have a material effect on MWSPC's business or its financial position.

For more information on risks related to legal disputes, please see Section (1-2-2) ("**Risks related to Legal Disputes**").

3-8 Valuation of MWSPC

3-8-1 Summary Agreed Valuation

Pursuant to the SPSA, the agreed valuation of Ma'aden share for the purpose of the Transaction is SAR 50.67 per share calculated based on the 90-day volume-weighted average price (VWAP) of the shares of Ma'aden as of 24/04/2024G. The Parties also agreed that the valuation of the Acquired Shares and Acquired Marketing Rights is SAR 5,624,999,980. Please refer to Section (5-2-5) ("**Summary of the SPSA**") for more details about the SPSA and its terms.

3-8-2 Valuation Analysis Summary

This section presents a summary of the valuation analysis undertaken by Ma'aden and its financial advisor HSBC Saudi Arabia for the Transaction. The scope of the analysis covers both assets being acquired by Ma'aden:

- i- 25% of the share capital of MWSPC, representing the entire ownership of Mosaic Phosphates in MWSPC, representing 210,937,500 (two hundred and ten million nine hundred and thirty-seven thousand five hundred) ordinary shares which's valued at SAR 3,984 – 5,663 million (Excluding the marketing rights) ; and
- ii- The share of marketing rights for 25% of MWSPC products owned by Mosaic Company under a number of marketing agreements entered into between Ma'aden, Saudi Basic Industries Corporation, and Mosaic Company for the sale of DAP, MAP, nitrogen phosphorous fertilizer and nitrogen phosphorous potassium fertilizer. In consideration for marketing services, Mosaic Company receives a percentage of the net price of the products as a marketing fee which's valued at SAR 1,055 – 1,103 million (Excluding Mosaic's ownership in MWSPC).

Valuation of MWSPC

For the purpose of the valuation, and given both Mosaic Phosphates and Ma'aden are shareholders of MWSPC, the parties agreed to refer to the latest business plan developed independently by MWSPC's management and signed off by the MWSPC Board of Directors as the base forecasts for the Transaction.

In order to determine the value of 100% of the shares owned by Mosaic Phosphates (and its share of the marketing rights), Ma'aden and HSBC Saudi Arabia have used various methodologies, with a particular focus on Discounted Cash Flow ("**DCF**") valuation and comparable companies trading multiple analysis, which were deemed the most appropriate:

i. Discounted Cash Flow ("DCF") Analysis:

- Evaluates and assesses the fair value of MWSPC's assets using the unlevered free cash flows derived from the company's business plan, an appropriate risk-adjusting discount rate and long-term growth rate;
- The analysis involves running a number of assumption scenarios on the base forecasts, including changes in volumes, product prices and feedstock prices based on Ma'aden's internal views as well as on forecasts provided by independent Market Data Provider.
- The DCF analysis resulted in an implied MWSPC price per share of SAR 23.82 – 31.38, which implies an exchange ratio of 0.470x – 0.619x shares in Maaden in exchange for 1 share in MWSPC.

ii. Comparable companies trading multiple analysis (Enterprise Value / Earnings Before Interests Tax Depreciation and Amortization):

- Derives MWSPC's value by benchmarking against selected listed companies which are considered to be comparable to MWSPC from a financial and operational perspective, and subject to similar macroeconomic, market, sector, industry and business factors.
- The trading multiple analysis resulted in an implied MWSPC price per share of SAR 23.89 – 32.08, which implies an exchange ratio of 0.471x – 0.633x shares in Maaden in exchange for 1 share in MWSPC.

iii. Analysis of valuation multiples from similar precedent transactions:

Represents the analysis of the valuation multiples paid for similar transactions in the sector. However, given the specificities of the Transaction and the assets being acquired (such as focus on phosphates, tax regime and cost base), the methodology was deemed not relevant due to a lack of reasonably comparable transaction.

Based on the aforementioned valuation methodologies, and after reviewing all valuation methodologies by Ma'aden and its Financial Advisor, the Exchange Ratio range was determined between 0.471x to 0.633x share in Ma'aden for each share in MWSPC which was used as the basis for agreeing on the final Exchange Ratio based on the trading multiples analysis methodology, and supported by the other valuation methodologies mentioned above.

Valuation of Ma'aden shares

Given Ma'aden is funding the transaction using newly issued Ma'aden shares, Ma'aden and HSBC Saudi Arabia also looked at Ma'aden's current and historical share price performance for the purpose of determining the final exchange ratio.

To evaluate the share price of Ma'aden for the purpose of the exchange ratio, Ma'aden and HSBC reviewed and considered the behavior and evolution of the Ma'aden share prices for the two-year period prior to the signing of the SPSA, including prices and volumes analyses.

Agreed valuation

Considering the outcome of the valuation methodologies described above, an agreement was reached for a total Transaction valuation of SAR 5,624,999,980 (five billion and six hundred and twenty-four million and nine hundred and ninety-nine thousand and nine hundred and eighty Saudi Riyals) for 100% of the shares owned by Mosaic Phosphates in MWSPC and Mosaic Company's marketing rights.

The valuation of the Ma'aden shares was calculated based on the 90-day volume-weighted average price (VWAP) of the shares of Ma'aden over a 90-calendar day period prior to the date of signing the SPSA, which was equivalent to SAR 50.67 (fifty and sixty-seven hundredths Saudi Riyals) per share.

As a result, a final Exchange Ratio of 0.526 (five hundred twenty-six thousandths) new shares in Ma'aden in exchange for 1 (one) share in MWSPC was agreed. Accordingly, the total number of fully paid-up Consideration Shares to be issued will amount to 111,012,433 (one hundred and eleven million and twelve thousand and four hundred thirty-three) shares, fully paid with a nominal value of SAR 10 (ten Saudi Riyals) per share and a total nominal value of SAR 1,110,124,330 (one billion and one hundred and ten million and one hundred and twenty-four thousand and three hundred and thirty Saudi Riyal). The total market value of the Consideration Shares is SAR 5,624,999,980 (five billion and six hundred and twenty-four million and nine hundred and ninety-nine thousand and nine hundred and eighty Saudi Riyals) based on the agreed 90-day VWAP of SAR 50.67 (fifty and sixty-seven hundredths Saudi Riyals) of Ma'aden's share as of 15/10/1445H (corresponding to 24/04/2024G).

3-8-3 Detailed Valuation Table

Valuation of the Acquired Shares and the Guarantor Marking Rights	Five billion six hundred and twenty-four million nine hundred ninety-nine thousand nine hundred eighty Saudi Riyals (SAR 5,624,999,980).
Valuation of Ma'aden Shares (for the purpose of the Transaction)	SAR 50.67 per share calculated based on the 90-day volume-weighted average price (VWAP) of the shares of Ma'aden as of 24/04/2024G.
The total market value of the consideration shares (based on Ma'aden closing price of (SAR 51.70) on 29/04/2024G (the day preceding the signing of the SPSA))	Five billion and seven hundred and thirty-nine million and three hundred and forty-two thousand and seven hundred and eighty-six Saudi Riyals (SAR 5,739,342,786)
Agreed Exchange Ratio	Zero point five two six (0.526) new shares in Ma'aden for every one (1) share in MWSPC.
The total number of consideration shares	One hundred and eleven million and twelve thousand and four hundred thirty-three (111,012,433) ordinary shares
The total nominal value of the consideration shares	One billion and one hundred and ten million and one hundred and twenty-four thousand and three hundred and thirty Saudi Riyals (SAR 1,110,124,330)
Ma'aden valuation	The valuation of Ma'aden shares as of 24/04/2024G calculated based on the 90-day volume-weighted average price of the shares of Ma'aden, represents an equity value of (187,062,160,103) Saudi Riyals at (SAR 50.67) per share

There will be no cash component or consideration paid by Ma'aden to Mosaic Phosphates.

3-8-4 Important Information

HSBC Saudi Arabia provided advisory services to the Ma'aden board of directors in connection with their consideration of the Transaction, in accordance with certain terms and conditions agreed in the engagement letter between the parties. HSBC Saudi Arabia's work is not a recommendation as to how any Ma'aden Shareholder should vote with respect to the proposal resolutions at the Ma'aden EGM or any other matter, nor an opinion on the fairness or suitability of the Transaction. HSBC Saudi Arabia does not accept any liability towards any Ma'aden Shareholder, and provided its advice solely to the Ma'aden board.

This valuation was not prepared to serve the individual views of each Ma'aden shareholder. The valuation was based on multiple methodologies and approaches that were used collectively, without isolation. Therefore, the summary of the valuation as a whole and as described in this section should be read and reviewed in full. Shareholders should seek advice from a licensed financial adviser that is licensed by the CMA before making a decision about the Transaction.

Agreeing on the exchange ratio is a decision that depends on a number of factors and assumptions that cannot be predicted precisely or with certainty by the Board of Directors of Ma'aden.

3-9 Summary Unaudited Pro Forma Consolidated Financial Information

The unaudited pro forma consolidated financial information consists of the unaudited pro forma consolidated statement of profit or loss and the unaudited pro forma consolidated statement of comprehensive income for the year ended 31 December 2023G and the unaudited pro forma consolidated statement of financial position as at 31 December 2023G, and the related notes ("**unaudited pro forma consolidated financial information**"). The applicable criteria on the basis of which the management has compiled the unaudited pro forma consolidated financial information are specified in Annex 18 and Annex 19 of the OSCOs and described in Note 1 to the accompanying unaudited pro forma consolidated financial information (the "**applicable criteria**"). The unaudited pro forma consolidated financial information has been compiled by management to illustrate the impact of the Transaction, as set out in Note 1 to the unaudited pro forma consolidated financial information, on the Group's consolidated statement of financial position as at 31 December 2023G as if the Transaction had taken place at 31 December 2023G and on the Group's consolidated statement of profit or loss and consolidated statement of comprehensive income for the year ended 31 December 2023G as if the Transaction had taken place at 1 January 2023G. As part of this process, the information about the Group's financial position and financial performance has been extracted by management from the audited consolidated financial statements of the Group as at the year ended 31 December 2023G, on which an unqualified audit report dated 29 February 2024G was issued.

Pro forma consolidated statement of financial position Reconciliation of pro forma consolidated statement of profit or loss for the year ended 31 December 2023G				
	Notes	Year ended 31 December 2023G (Audited)	Pro forma adjustments	Year ended 31 December 2023G (Unaudited pro forma)
Sales		29,271,927,826	-	29,271,927,826
Cost of sales		(22,357,515,845)	-	(22,357,515,845)
Gross profit		**6,914,411,981**	**-**	**6,914,411,981**
Operating expenses				
Selling, marketing and logistic expenses	1	(630,276,560)	65,361,479	(564,915,081)
General and administrative expenses		(1,967,153,310)	-	(1,967,153,310)
Exploration and technical services expenses		(484,643,659)	-	(484,643,659)
Expected credit loss allowance		(16,175,246)	-	(16,175,246)
Operating profit		**3,816,163,206**	**65,361,479**	**3,881,524,685**
Other income / (expenses)				
Income from time deposits		848,251,746	-	848,251,746
Finance cost		(2,347,449,504)	-	(2,347,449,504)
Other expenses, net		(44,336,688)	-	(44,336,688)
Share in net profit of joint ventures that have been equity accounted		319,358,683	-	319,358,683
Profit before zakat, income tax and severance fees		**2,591,987,443**	**65,361,479**	**2,657,348,922**
Income tax		(32,054,458)	-	(32,054,458)
Zakat expense		(491,652,190)	-	(491,652,190)
Severance fees		(370,547,802)	-	(370,547,802)
Profit for the year		**1,697,732,993**	**65,361,479**	**1,763,094,472**
Profit for the year is attributable to:				
Ordinary shareholders of the parent company		1,577,326,494	315,055,618	1,892,382,112
Non-controlling interest	5	120,406,499	(249,694,139)	(129,287,640)
		1,697,732,993	**65,361,479**	**1,763,094,472**
Earnings per ordinary share (Saudi Riyals)				
Basic and diluted earnings per share from continuing operations attributable to ordinary shareholders of the parent company	2	0.43	0.07	0.50
Profit for the year	**1**	**1,697,732,993**	**65,361,479**	**1,763,094,472**
Other comprehensive income				
Items that may be reclassified to profit or loss				
Gain on exchange differences on translation		98,098	-	98,098
Cash flow hedge - changes in fair value and transfer to profit or loss, net		(78,961,732)	-	(78,961,732)
Items that will not be reclassified to profit or loss				

Pro forma consolidated statement of financial position Reconciliation of pro forma consolidated statement of profit or loss for the year ended 31 December 2023G	Notes	Year ended 31 December 2023G (Audited)	Pro forma adjustments	Year ended 31 December 2023G (Unaudited pro forma)
Share in other comprehensive loss of joint ventures that have been equity accounted		(1,950,966)	-	(1,950,966)
Change in fair value of equity investment classified as fair value through other comprehensive income		(107,987,896)	-	(107,987,896)
Loss attributable to the re-measurement of employees' end of service termination benefits obligation		(14,384,636)	-	(14,384,636)
Other comprehensive loss for the year		**(203,187,132)**	**-**	**(203,187,132)**
Total comprehensive income for the year		**1,494,545,861**	**65,361,479**	**1,559,907,340**
Total comprehensive income for the year is attributable to:				
Ordinary shareholders of the parent company		1,396,920,634	316,137,535	1,713,058,169
Non-controlling interest	5	97,625,227	(250,776,056)	(153,150,829)
		1,494,545,861	65,361,479	1,559,907,340
Assets				
Non-current assets				
Mine properties		12,917,246,822	-	12,917,246,822
Property, plant and equipment		59,810,324,257	-	59,810,324,257
Right-of-use assets		1,807,472,967	-	1,807,472,967
Capital work-in-progress		3,426,693,995	-	3,426,693,995
Intangible assets and goodwill		353,066,526	-	353,066,526
Investment in joint ventures		1,601,244,055	-	1,601,244,055
Deferred tax assets		1,346,378,216	-	1,346,378,216
Investment in securities		481,673,001	-	481,673,001
Other non-current assets		919,128,468	-	919,128,468
Total non-current assets		**82,663,228,307**	**-**	**82,663,228,307**
Current assets				
Advances and prepayments		341,423,806	-	341,423,806
Inventories		7,200,233,920	-	7,200,233,920
Trade and other receivables		6,045,678,972	-	6,045,678,972
Derivative financial instruments		51,840,094	-	51,840,094
Time deposits		5,034,358,969	-	5,034,358,969
Cash and cash equivalents		10,536,860,355	-	10,536,860,355
Total current assets		**29,210,396,116**	**-**	**29,210,396,116**
Total assets		**111,873,624,423**	**-**	**111,873,624,423**

Pro forma consolidated statement of financial position Reconciliation of pro forma consolidated statement of profit or loss for the year ended 31 December 2023G				
	Notes	Year ended 31 December 2023G (Audited)	Pro forma adjustments	Year ended 31 December 2023G (Unaudited pro forma)
Equity and liabilities				
Equity				
Share capital	3	36,917,734,380	1,110,124,330	38,027,858,710
Share premium	4	-	3,722,246,878	3,722,246,878
Statutory reserve		157,732,649	-	157,732,649
Treasury shares held under employees' share-based payment plan		(74,071,947)	-	(74,071,947)
Other reserves		(245,296,521)	-	(245,296,521)
Retained earnings		9,667,197,455	(2,136,091,331)	7,531,106,124
Equity attributable to ordinary shareholders of the parent company		46,423,296,016	2,696,279,877	49,119,575,893
Non-controlling interest	5	10,391,969,118	(2,696,279,877)	7,695,689,241
Total equity		**56,815,265,134**	**-**	**56,815,265,134**
Non-current liabilities				
Long-term borrowings		33,178,992,761	-	33,178,992,761
Provision for decommissioning, site rehabilitation and dismantling obligations		2,428,291,992	-	2,428,291,992
Non-current portion of lease liabilities		1,434,887,945	-	1,434,887,945
Deferred tax liabilities		1,588,637,319	-	1,588,637,319
Employees' benefits		1,246,815,834	-	1,246,815,834
Trade, projects, and other payables		458,013,677	-	458,013,677
Total non-current liabilities		**40,335,639,528**	**-**	**40,335,639,528**
Current liabilities				
Trade, projects, and other payables		4,549,783,714	-	4,549,783,714
Accrued expenses		5,070,199,674	-	5,070,199,674
Zakat and income tax payable		608,706,231	-	608,706,231
Severance fees payable		65,615,814	-	65,615,814
Current portion of long-term borrowings		4,128,897,922	-	4,128,897,922
Current portion of lease liabilities		299,516,406	-	299,516,406
Total current liabilities		**14,722,719,761**	**-**	**14,722,719,761**
Total liabilities		**55,058,359,289**	**-**	**55,058,359,289**
Total equity and liabilities		**111,873,624,423**	**-**	**111,873,624,423**

Company overview and basis of preparation

Company overview

Ma'aden was formed as a Saudi Arabian joint stock company, following the Council of Ministers Resolution No. 179 dated 8 Dhu Al. Qa'dah 1417H (corresponding to 17 March 1997G) and incorporated in the Kingdom of Saudi Arabia pursuant to the Royal Decree No. M/17 dated 14 Zul Qaida 1417H (corresponding to 23 March 1997G) with Commercial Registration No. 1010164391, dated 10 Zul Qaida 1421H (corresponding to 4 February 2001G). Ma'aden has an authorized and issued share capital of SAR 36,917,734,380 divided into 3,691,773,438 with a nominal value of SAR 10 per share.

The objectives of the Group are to be engaged in various projects related to all stages of the mining industry, including development, advancement and improvement of the mineral industry, mineral products and by-products. These activities exclude:

- petroleum and natural gas and materials derived there from,
- any and all hydrocarbon substances, products, by-products and derivatives, and
- activities related to all stages of the oil industry and the industries associated therewith and supplementary thereto.

The Group's principal mining activities are at the Mansourah-Massarah, Mahd Ad-Dahab, Bulghah, Al-Amar, Sukhaybarat, As Suq, Ad Duwayhi, Al-Jalamid, Al-Khabra, Az Zabirah, Al-Ghazallah and Al-Ba'itha mines. Currently, the Group mainly mines gold, phosphate rock, bauxite, low-grade bauxite, kaolin and magnesite.

Basis of preparation

This unaudited pro forma consolidated financial information has been prepared by management to illustrate the financial impact of the below mentioned transaction, on the historical consolidated financial statements of the Group as of and for the year ended 31 December 2023G as if the transaction had taken place at 31 December 2023G for the purposes of the Group's consolidated statement of financial position and as if the transaction had taken place at 1 January 2023G for the purposes of consolidated statement of profit or loss and consolidated statement of comprehensive income for the year ended 31 December 2023G, and comprise of the unaudited pro forma consolidated statements of profit or loss, comprehensive income, financial position and the consequential adjustments arising during the financial year ended 31 December 2023G. The unaudited pro forma consolidated financial information is included for illustrative purposes only and the pro forma adjustments are based upon assumptions which are described below. Because of its nature, the unaudited pro forma consolidated financial information illustrates what the impact would have been if the transaction had consummated at an earlier point in time and does not represent the Group's actual financial results or position, and does not give any indication of the results and future financial situation of the activities of the Group upon completion of the below mentioned transaction.

The unaudited pro forma consolidated financial information comprise:

- the unaudited pro forma consolidated statement of profit or loss for the year ended 31 December 2023G,
- the unaudited pro forma consolidated statement of comprehensive income for the year ended 31 December 2023G,
- the unaudited pro forma consolidated statement of financial position as at 31 December 2023G, and
- the notes to the unaudited pro forma consolidated financial information.

For the preparation of the accompanying unaudited pro forma consolidated financial information, management has used the audited consolidated financial statements of the Group for the year ended 31 December 2023, which are prepared in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by SOCPA.

The unaudited pro forma consolidated financial information illustrates the financial impact of the following transaction:

Transaction

The further acquisition by Ma'aden of twenty-five percent equity interest in MWSPC, a subsidiary of Ma'aden, from Mosaic Phosphate, a minority shareholder in MWSPC holding twenty-five percent equity interest in MWSPC, through issuance of 111,012,433 new ordinary shares of Ma'aden, based on the SPSA. SABIC will remain the remaining minority shareholder in MWSPC, holding fifteen percent equity interest in the MWSPC. The Transaction was approved by the Board of Directors of Ma'aden on 25 September 2023G. The Transaction is expected to be concluded in the third quarter of the financial year 2024G.

Financial impact

On the date of the actual Transaction, this will result in an increase in the issued share capital and share premium of Ma'aden due to issuance of 111,012,433 new ordinary shares to the Mosaic Netherlands, and corresponding decrease in the non-controlling interests representing Mosaic Phosphates's share of twenty-five percent equity interest in MWSPC and the remaining impact on the retained earnings of the Group.

For the purpose of the illustration of the Transaction in this unaudited pro forma consolidated financial information, the share price of the new shares to be issued to Mosaic Netherlands has been determined based on the volume-weighted average market price of Ma'aden's shares during the five trading days immediately prior to 31 December 2023G. See Notes 3, 4 and 5.

Pro forma assumptions

The unaudited pro forma consolidated financial information is impacted by the following assumptions:

- The share issue price used for the purpose of determining the total value of 111,012,433 new ordinary shares, to be issued to Mosaic Netherlands, in the unaudited pro forma consolidated financial information is assumed based on the volume-weighted average market price of Ma'aden's shares during the five trading days immediately prior to 31 December 2023G.
- In accordance with the PMA and the FMA signed between the Guarantor and MWSPC dated 24 April 2014G (the "**Marketing Agreements**"), MWSPC granted the rights to market and sell its products to the Guarantor against a fixed marketing percentage charged by the Guarantor. During the year ended 31 December 2023G, the Guarantor charged the marketing fee amounting to Saudi Riyals 65.4 million to MWSPC under such Marketing Agreements.

  In accordance with schedule 1 clause 13 of the SPSA, Ma'aden and Mosai Phosphates are required to enter into an MAA, whereby, the Guarantor will assign all its rights under or in connection with the Marketing Agreements to Ma'aden or any of its affiliates. Accordingly, Ma'aden will invoice MWSPC an amount equal to 4.5% of the invoice value of MWSPC's products to be marketed through Ma'aden, in respect of the provision of marketing services as set out in the terms of the Marketing Agreements.

  As a result, the unaudited pro forma consolidated statement of profit or loss for the year ended 31 December 2023G reflects an adjustment at the Ma'aden consolidated level to eliminate the marketing fee expense of Saudi Riyals 65.4 million (4.5% of the invoice value of MWSPC's products marketed by the Guarantor during the year ended 31 December 2023G) so to offset the marketing fee income generated by Ma'aden at the standalone or parent company level had this agreement been in place as at 1 January 2023G. This pro forma adjustment is resulting in a net increase of Saudi Riyals 65.4 million in the consolidated profits attributable to ordinary shareholders of the parent company. However, it is to be noted that the incremental costs associated with the provision of the marketing services under the proposed MAA, had the agreement been in place as at 1 January 2023G, have not been adjusted in this unaudited pro forma consolidated statement of profit or loss as these cannot be factually determined at the date of this unaudited pro forma consolidated financial information.
- No adjustment has been incorporated in the unaudited pro forma statement of financial position as at 31 December 2023G in respect of the dividend payment of Saudi Riyals 93.7 million by MWSPC to Mosaic Phosphates during 2023G as the payment was made prior to 31 December 2023G and the unaudited pro forma statement of financial position assumes as if the Transaction had taken place at 31 December 2023G.
- No impact on the zakat, income tax and deferred liability of the Group has been considered as a result of the Transaction. Also, no adjustments have been made to the zakat and income tax provisions and deferred tax liability balance as at and for the year ended 31 December 2023G as a result of the Transaction.

No further assumptions have been made with respect to the preparation of the unaudited pro forma consolidated financial information.

Earnings per ordinary share

	Year ended 31 December 2023G (Audited)	Pro forma adjustments	Year ended 31 December 2023G (Unaudited pro forma)
Earnings attributable to ordinary shareholders of the parent company	1,577,326,494	315,055,618	1,892,382,112
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	3,691,576,456	111,012,433	3,802,588,889
Basic and diluted earnings per ordinary share from continuing operations	0.43	0.07	0.50

Basic and diluted earnings per ordinary share is calculated by dividing the adjusted profit attributable to the ordinary shareholders of the parent company by the adjusted weighted average number of ordinary shares in issue during the year.

Share capital

Authorized, issued and fully paid-up		31 December 2023G Before the Transaction	31 December 2023G After the Transaction
3,691,773,438	**Balance as reported** Ordinary shares with a nominal value of SAR 10 per share	36,917,734,380	36,917,734,380
111,012,433	**Pro forma adjustment** Ordinary shares with a nominal value of SAR 10 per share, following the Transaction	-	1,110,124,330
3,802,785,871		**36,917,734,380**	**38,027,858,710**

The actual issue price of 111,012,433 new shares to be issued to Mosaic Netherlands at the date of the Transaction will be determined based on the actual market share price of Ma'aden on the date of the Transaction.

For the purposes of preparing the unaudited pro forma consolidated statement of financial position as at 31 December 2023G, management has calculated the trading price of the shares as the volume-weighted average market price of Ma'aden's shares during the five trading days immediately prior to 31 December 2023G and it was SAR 43.53 (SAR forty-three and fifty-three halalas) per share to determine the total value of 111,012,433 new ordinary shares to be issued to Mosaic Netherlands. Such a hypothetical issue price of SAR 43.53 per share (SAR 10 nominal value plus premium of SAR 33.53 per share) would result in the increase of the share capital by SAR 1,110,124,330 and the share premium by SAR 3,722,246,878.

Note that the actual issue price may significantly differ from the hypothetical issue price used for the purposes of preparing the unaudited pro forma consolidated financial information for the year ended 31 December 2023G.

Equity attributable to ordinary shareholders of the parent company	SAR
Increase in issued share capital by issuance of 111,012,433 new ordinary shares at a nominal value of SAR 10 per share	1,110,124,330
Increase in share premium by issuance of 111,012,433 new ordinary shares at a premium of SAR 33.53 per share	3,722,246,878
Total value of the Transaction based on the hypothetical issue price	**4,832,371,208**

Structure of the ordinary shares ownership before and after the issuance of new shares to Mosaic Netherlands is as follows:

Shareholders	Before the Transaction			After the Transaction		
	Number of shares	SAR	% shares	Number of shares	SAR	% shares
Public Investment Fund (PIF)	2,480,263,014	24,802,630,140	67.18	2,480,263,014	24,802,630,140	65.22
Mosaic Netherlands	-	-	-	111,012,433	1,110,124,330	2.92
Free float-general public	1,211,510,424	12,115,104,240	32.82	1,211,510,424	12,115,104,240	31.86
Total	**3,691,773,438**	**36,917,734,380**	**100**	**3,802,785,871**	**38,027,858,710**	**100**

Share premium

		31 December 2023G Before the Transaction	31 December 2023G After the Transaction
111,012,433	**Pro forma adjustment** Ordinary shares with a nominal value of SAR 10 per share, issued at a premium of SAR 33.53 per share	-	3,722,246,878
111,012,433		**-**	**3,722,246,878**

Non-controlling interest

	Note	Year ended 31 December 2023G (Audited)	Pro forma adjustments	Year ended 31 December 2023G (Unaudited pro forma)
31 December 2023G (Before pro forma adjustment)		10,391,969,118	-	10,391,969,118
Pro forma adjustment Derecognition of non-controlling interest in the unaudited pro forma consolidated financial information representing the twenty-five percent equity interest of the Seller in MWSPC at 31 December 2023.	1	-	(2,696,279,877)	(2,696,279,877)
31 December 2023G		10,391,969,118	(2,696,279,877)	7,695,689,241

Approval and authorisation for issue of the unaudited pro forma consolidated financial information

The unaudited pro forma consolidated financial information for the year ended 31 December 2023G were approved and authorized for issue by the Board of Directors on 25 June 2024G.

3-10 A comparison between Ma'aden's performance indicators in the unaudited proforma financial statements and the audited financial statements

Indicator	2021G Ma'aden	2022G Ma'aden	2023G Ma'aden	31 December 2023 Ma'aden (after acquisition)
Gross profit margin %	34.2%	40.3%	23.6%	23.6%
Net profit margin %	24.2%	30.1%	5.8%	6.0%
Return on assets %	14.7%	21.6%	3.0%	3.1%
Return on equity %	6.3%	10.9%	1.5%	1.6%
Liabilities to equity (X)	1.35	0.99	0.97	0.97

3-11 Increase or decrease in earnings per share as a result of the acquisition

The table below shows the increase of Ma'aden's earnings per share based on Ma'aden 2023G Financial Statements and the unaudited pro forma consolidated financial information for the fiscal year ended on December 31 2023G:

Earnings per share (based on Ma'aden's audited financial statements for the year ended 31 December 2023)	0.43
Earnings per share after the Capital Increase (based on the unaudited proforma consolidated financial information for the year ended 31 December 2023)	0.50

3-12 Ma'aden's share price performance

The following table shows Ma'aden's share price performance during the year prior to the submission of the application for registering and offering the Consideration Shares, up to the date hereof:

Date	Closing Price of Ma'aden's Share (SAR)
30/04/2023G	46.22
31/05/2023G	41.42
22/06/2023G	42.20
31/07/2023G	44.40
31/08/2023G	40.50
28/09/2023G	40.35
31/10/2023G	36.00
30/11/2023G	39.85
31/12/2023G	48.55
31/01/2024G	46.40
29/02/2024G	49.75
31/03/2024G	49.00
The last trading day before the signing of the SPSA	
29/04/2024G	51.70
The last trading day before the publication of this Circular	
20/11/2024G	53.50


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4. Management's discussion and analysis of the financial position and results of operations

4-1 Introduction

This Section "Management Discussion and Analysis of Financial Position and Results of Operations" ("**MD&A**") provides an analysis of the financial results of Ma'aden Wa'ad Al Shamal Phosphate Company ("**MWSPC**" or the "**Company**") and is based on the MWSPC 2021G Financial Statements, the MWSPC 2022G Financial Statements and the MWSPC 2023G Financial Statements together being the ("**MWSPC Financial Statements**"). Information not directly derived from the MWSPC Financial Statements has been derived from the Company's information.

The MWSPC Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("**SOCPA**").

The above-mentioned financial statements are an integral part of this circular and this section should be read in conjunction with financial statements, accompanying notes and their supplementary clarifications., contained in Appendix [1] ("**Financial Statements of Financial Years ended on 31 December 2021G, 2022G and 2023G**") of this Circular.

The figures in this Section have been rounded to the nearest million Saudi Riyals unless otherwise stated, and all numbers and percentages are rounded to the nearest decimal point. The "**CAGR**" refers to the compound annual growth rate over the period. Therefore, if summed, the numbers may differ to those which are stated in the tables. Annual percentages, margins and expenses are based on the rounded figures.

This Section may include statements of forward-looking nature and are based on MWSPC management's plans and current expectations of the Company's growth, results of operations, and financial situation. The Company's actual results could differ materially from those expressed or implied in such data and statements as a result of various factors, including those discussed within this Section and elsewhere in this Circular, particularly in the "**Important Notice**" Section and Section [2] "**Risk Factors**".

4-2 Directors' Declarations on the Financial Statements

Members of the Board of Directors of Ma'aden bear no responsibility for the accuracy and completeness of the information provided in this section. The information in this section has been obtained from publicly available sources, in addition to information provided by MWSPC. MWSPC is committed to supplying Ma'aden with all necessary information available to MWSPC, as required for the preparation of this disclosure. MWSPC has also provided a guarantee to Ma'aden that all information provided to MWSPC related to the transaction is true, accurate, and materially non-misleading. MWSPC has further guaranteed that it has not intentionally withheld any material information from Ma'aden.

The information in this section has been obtained from the MWSPC Financial Information without making any material changes to them. Information not directly derived from the MWSPC Financial Statements has been derived from the Company's information.

Ma'aden assumes that there is currently no intention to make any material changes to the nature of MWSPC's activities and that the operations of MWSPC will not cease in any way that could materially affect the financial position of MWSPC during the twelve months preceding the date of this shareholders' circular.

4-3 Overview of MWSPC

MWSPC (the "**Company**") is a limited liability company registered in the Kingdom of Saudi Arabia under Commercial Registration number 3451002631 dated 26th of Rabi' I 435H (corresponding to 27 January 2014G), with an authorized share capital of Saudi Riyals ("**SAR**") 8,437,500,000 comprising of 843,750,000 ordinary shares at a nominal value of SAR 10 each.

The main activities of the Company are the production of di-ammonium and mono-ammonium phosphate fertilizer, ammonia, phosphoric acid, di-calcium and mono-calcium phosphate, sulphuric acid, and sulphate of potash.

The Company is owned by two Saudi Arabian shareholders ((Saudi Arabian Mining Company ("**Ma'aden**") and Saudi Basic Industries Corporation ("**SABIC**")) and one foreign shareholder (Mosaic Phosphates B.V. ("**Mosaic**")) summarized in the following table:

Share capital	2021G	2022G	2023G
Saudi Arabian Mining Company	60%	60%	60%
Saudi Basic Industries Corporation	15%	15%	15%
Mosaic Phosphates B.V.	25%	25%	25%

Source: MWSPC Financial Statements

On 5 August 2013G, the three shareholders signed a Shareholders Agreement to jointly develop a fully integrated phosphate production facility located at the King Abdullah Project for the development of Wa'ad Al Shamal Mineral Industrial City, in the Northern Region, near the city of Turaif in the Kingdom of Saudi Arabia.

This project is based on the exploitation of the Al-Khabra phosphate deposit for which Ma'aden owns the mining license and includes the utilization of captive national resources such as groundwater and sulfur, taking advantage of the existing railway infrastructure, linking the Northern Borders to Ras Al-Khair in the Eastern Province to have access to the port facilities at the Arabian Gulf. The project was based on an estimated capital cost of SAR 28 billion.

On 1 January 2017G, the Company commenced commercial production of the ammonia plant. The plant has achieved stable operations and has a designed production capacity of 1.1 million tonnes of ammonia per year.

On 2 December 2018G, the Company commenced commercial production of the Granulation plant. The plant has achieved stable operations and has a designed production capacity of 3 million tonnes of di-ammonium phosphate per year.

In response to the spread of the Covid-19 pandemic in the GCC and other territories where the Company operates and its consequential disruption to the social and economic activities in those markets, MWSPC's management proactively assessed its impacts on its operations and took a series of proactive and preventative measures, including activation of the crisis management committee and associated processes to ensure the health and safety of its employees and contractors as well as the wider community where it is operating and minimize the impact of the pandemic on its operations and product supply to the market.

The year ended 31 December 2022G was an exceptional period characterized by high prices in global commodity markets influenced by macroeconomic factors. This resulted in very high revenues, margins, and profitability in this period, which subsequently declined in the year ended 31 December 2023G. The Company anticipates that prices in the year ended 31 December 2023G are at a more normal level and can be expected to stabilize at this level in the foreseeable future.

4-4 Summary of MWSPC accounting policies

4-4-1 Basis of preparation

The financial statements comprise the financials for MWSPC only with no subsidiaries or associate company investments.

The financial statements have been prepared on the historical cost basis except where IFRS requires other measurement basis as disclosed in the applicable accounting policies.

These financial statements are presented in Saudi Riyals ("**SAR**"), which is both the functional and reporting currency of the Company. All amounts have been rounded to the nearest Saudi Riyal, unless otherwise indicated.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("**SOCPA**") (hereinafter referred to as "**IFRS**").

New IFRS standards, amendments to standards and interpretations not yet adopted

Certain new accounting standards, amendments to standards and interpretations have been published by the International Accounting Standards Board ("**IASB**") that are not mandatory for 31 December 2023G reporting year and have not been early adopted by the Company. The Company's management team is in the process of assessing the impact of the new standards and interpretations on its financial statements.

New and amended IFRS standards adopted by the Company

The Company has applied the following standards and amendments to the standards for the first time for their reporting periods commencing on or after 1 January 2023G:

- IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies: Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates: Amendments to IAS 8
- Deferred Tax related to Assets and Liabilities arising from a single transaction: Amendments to IAS 12
- Non-current liabilities with covenants: Amendment to IAS 1
- International tax reform - pillar two model rules: Amendment to IAS 12
- Supplier finance arrangements: Amendments to IAS 7 and IFRS 7

The standards and amendments listed above did not have any impact on the amounts recognized in the financial years ended 31 December 2021G, 31 December 2022G or 31 December 2023G and are not expected to significantly affect the future periods.

A number of other amended standards became applicable in the financial year ended 31 December 2023G. The Company was not required to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

4-4-2 Summary of material accounting policies

The significant accounting policies applied in the preparation of the financial statements for the periods 31 December 2023G, 31 December 2022G and 31 December 2021G are set out below. These policies have been consistently applied to all years presented.

4-4-2-1 Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the spot rate of exchange prevailing at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Saudi Riyals at the spot rate of exchange prevailing at the reporting date. Gains and losses from the settlement and translation of foreign currency transactions are included in the profit or loss.

4-4-2-2 Revenue recognition

Revenue comprises of sales directly to customers, through the three marketers (Ma'aden, SABIC and Mosaic), and is recognised and measured based on the considerations specified in the contracts with customers, and excludes rebates and amounts if any, collected on behalf of the third parties.

The Company, as a principal, recognizes revenue from the following main sources:

- sale of ammonium phosphate fertilizer, ammonia and phosphoric acid as a principal, directly to customers, through the three marketers at a point in time; and
- rendering of transportation services directly to the customers over a period of time when (or as) the Company satisfies the performance obligations as specific in the contract, by transferring control over the promised goods or services to the customer.

The timing and measurement of revenue recognition for the above-mentioned main sources of revenue is as follows:

The Company sells a proportion of its goods on Cost and Freight ("**CFR**") Incoterms and therefore, the Company is responsible for providing shipping services after the date at which control of the goods passes to the customer at the loading port. The Company is therefore, responsible for the satisfaction of two performance obligations under its CFR contracts with the customers and recognizes revenue as follows:

- sale and delivery of goods at the loading port resulting in the transfer of control over such goods to the customer and recognizing the related revenue at a point in time basis, and
- shipping services for the delivery of the goods to the customer's port of destination and recognizing the related revenue over a time basis, equivalent to the stage of completion of the service.

At the loading port, quality and quantity control of the promised goods are carried out by independent internationally accredited consultants before the loading of the vessel, in accordance with the specifications contained in the contract. The physical loading of the approved promised goods on the vessel, satisfies the Company's performance obligation and triggers the recognition of revenue at a point in time.

The selling price includes revenue generated from the sale of goods and transportation services depending on the contract terms with the customer. The selling price is therefore unbundled or disaggregated using standalone selling prices into these two performance obligations where appropriate, being the sale of goods and the transportation thereof and disclosed separately.

The Company recognizes a trade receivable for the sale and delivery of goods when the goods, delivered to the loading port, are loaded on to the vessel as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. However, the trade receivable related to the transportation service are recognized over time, if material, based on the stage of completion of service which is assessed at the end of each reporting period.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

All shipping and handling costs incurred by the Company, in relation to the satisfaction of performance obligation for the transportation of goods under CFR contracts with the customers, are recognized in cost of sales in the profit or loss.

Income from time deposits

For all financial assets measured at amortised cost, interest income is measured using the effective interest rate, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest revenue is included in finance income in the profit or loss.

4-4-2-3 Selling, marketing and logistics expenses

Selling, marketing and logistic expenses comprise of all costs for selling, marketing and transportation of the Company's products and include expenses for advertising, marketing fees, other sales related overheads. Allocation between selling, marketing and logistic expenses and cost of sales are made on a consistent basis, when required.

4-4-2-4 General and administrative expenses

General and administrative expenses include direct and indirect costs not specifically part of cost of sales or the selling, marketing and logistics activity of the Company. Allocations between general and administrative expenses and cost of sales, are made on a consistent basis, when required.

4-4-2-5 Mine properties and property, plant and equipment

Mine properties and property, plant and equipment are carried at historical cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition and development of the assets and includes:

- the purchase price,
- costs directly attributable to bring the asset to its location and condition necessary for it to be capable of operating in the manner intended by management,
- the initial estimate of any mine closure, rehabilitation and decommissioning obligation and
- for qualifying assets, that takes a substantial period to get ready for their intended use, the applicable borrowing costs.

Mine properties are depreciated using the units of production ("**UOP**") method, where the assets used for run-of-mine activity are depreciated using tonnes of ore extracted, while the assets used for post run-of-mine activity are depreciated using the recoverable output produced, based on the economically recoverable proven and probable ore reserves of the mine concern. In case of mine properties whose economic useful life is shorter than the life-of-mine ("**LoM**"), depreciation is charged to the profit or loss using the straight-line method.

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is charged to profit or loss using the straight-line method.

Significant components of an item of mine properties and property, plant and equipment are separately identified and depreciated using the estimated economic useful life of the component.

Buildings and items of plant and equipment for which the consumption of economic benefit is linked primarily to utilization or to throughput rather than production, are depreciated at varying rates on a straight line basis over their economic useful lives or the LoM, whichever is the shorter.

Depreciation is charged to the profit or loss, using the UOP method or the straight-line method for certain mining assets and processing plants where applicable, to allocate the depreciable amount over the following estimated economic useful lives:

Categories of mine properties and property plant and equipment	Number of years
Mine properties	Using the UOP method over the economically recoverable proven and probable reserves or the straight-line method over the economic useful life, whichever is the shorter
Land and Buildings	20-40
Plant and Equipment	10-40
Furniture and fittings	5-10

Source: MWSPC Financial Statements

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. Maintenance and normal repairs which do not extend the estimated economic useful life of an asset or increase the production output are charged to the profit or loss as and when incurred.

The assets' residual values and estimated economic useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds received with the carrying amount and are included in the profit or loss.

Borrowing costs related to qualifying assets that take a substantial period of time to get ready for their intended use are capitalized as part of the cost of the qualified assets until the commencement of commercial production.

Capital spare parts are treated as property, plant and equipment when they can be used only in connection with an item of property, plant and equipment and are expected to have a service life period of more than one year. Depreciation of capital spare parts is based on the shorter of the expected economic useful life of the spare part while in use, or the useful life of the larger asset to which it relates.

Stripping activity asset and stripping activity expense

The Company incurs stripping (waste removal) costs during the development and production stage of its open pit mining operations.

Stripping costs incurred during the development phase of an open pit mine in order to access the underlying ore deposit are capitalized prior to the date of commencement of commercial production. Such capitalized costs are then amortized over the remaining life of the ore body (for which access has improved), using the UOP method over proven and probable ore reserves.

Stripping cost incurred during the production phase of an open pit mining operation generally creates two types of benefits, including:

- production of inventory; or
- improved access to a component of the ore body to be mined in the future.

Where the benefits are realized in the form of inventory produced in the year under review, the production stripping costs are accounted for as part of the cost of producing those inventories.

Where the benefits are realized in the form of improved access to a component of the ore body to be mined in the future, the costs are recognized as a non-current asset, referred to as a 'Stripping activity asset', provided that all the following conditions are met:

- it is probable that the future economic benefits associated with the stripping activity will be realized;
- the component of the ore body for which the access has been improved can be identified; and
- the costs relating to the stripping activity associated with the improved access can be reliably measured.

If all of the conditions are not met, the production stripping costs are charged to the profit or loss, as production costs of inventories as they are incurred.

The stripping activity asset is initially measured at cost, being the directly attributable cost for mining activity which improves access to the identified component of the ore body, plus an allocation of directly attributable overhead costs. Incidental operations occurring at the same time as the production stripping activity which are not necessary for the production stripping activity to continue as planned are not included in the cost of the stripping activity asset.

The stripping activity asset is accounted for as an addition to, or an enhancement of, an existing mining asset, being a tangible asset (based upon the nature of existing asset) in the statement of financial position. This forms part of the total investment in the relevant cash generating unit(s), which is reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

The stripping activity asset is subsequently depreciated using the UOP method over the life of the identified component of the ore body that became more accessible as a result of the stripping activity. Economically recoverable proven and probable reserves are used to determine the expected useful life of the identified component of the ore body. The stripping activity asset is then carried at cost less accumulated depreciation and any impairment losses.

4-4-2-6 Right-of-use assets and lease liabilities

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use ("**RoU**") asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Right-of-use-assets

The RoU assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

RoU assets are depreciated over the shorter period of lease term or the economic useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the RoU asset reflects that the Company expects to exercise a purchase option, the related RoU asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The RoU assets are presented as a separate line item in the statement of financial position.

The Company applies IAS 36 Impairment of assets to determine whether a RoU asset is impaired and accounts for any identified impairment loss.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the RoU asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the profit or loss.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related RoU asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

4-4-2-7 Capital work-in-progress

Assets in the course of construction or development are capitalised in the capital work-in-progress account. The mine under construction or the asset under construction or development is transferred to the appropriate category in mine properties or property, plant and equipment or intangible assets (depending on the nature of the project), once the asset is in a location and / or condition necessary for it to be capable of operating in the manner intended by management.

The cost of an item of capital work-in-progress comprises its purchase price, construction / development cost and any other directly attributable cost to the acquisition or construction of an item as intended by management. Costs associated with commissioning the items (prior to its being available for use) are capitalized net of proceeds from the sale of any production during the commissioning period.

Borrowing costs related to qualifying assets are capitalized as part of the cost of the qualified assets until the commencement of commercial production.

Capital work-in-progress is measured at cost less any recognized impairment and is not depreciated.

Depreciation only commences when the assets are capable of operating in the manner intended by management, at which point they are transferred to the appropriate asset category.

4-4-2-8 Intangible assets

Intangible assets acquired separately are initially recognized and measured at cost. Following initial recognition, intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses, where applicable.

Internally generated intangibles, excluding capitalised development costs, are not capitalised. Instead, the related expenditure is recognised in the statement of profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their respective economic useful lives, using the straight-line method and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation methods, residual values and estimated economic useful lives are reviewed at least annually. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss within the expense category that is consistent with the function of the intangible assets. The Company amortises intangible assets with a finite useful life using the straight-line method over the following periods:

Categories of Intangible Assets	Number of years
ERP Software	10
Internally developed software	7-10
Technical development	5-7

Source: MWSPC Financial Statements

The Company tests an intangible asset with an indefinite useful life for impairment by comparing its recoverable amount with its carrying amount either:

- Annually; or
- whenever there is an indication that the intangible asset may be impaired.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is de-recognised.

4-4-2-9 Impairment of mine properties, property, plant and equipment, right-of-use assets and capital work-in-progress

At each reporting date, the Company reviews the carrying amounts of its mine properties, property plant and equipment, right-of-use assets and capital work-in-progress to determine whether there is any indication that those assets are impaired. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit ("**CGU**") to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually or whenever there is indication that the asset may be impaired.

Recoverable amount is the higher of fair value less cost of disposal ("**FVLCD**") and value-in-use ("**VIU**"). In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized in the operating section of the profit or loss.

Assets or CGUs (other than the goodwill component) for which an impairment loss had been previously recorded, could reverse the impairment loss allocated if, and only if, there has been a change in the estimates used to determine the asset or CGU's recoverable amount since the last impairment loss was recognized.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognized for the asset or CGU. A reversal of an impairment loss is recognized in the operating section of the profit or loss.

4-4-2-10 Inventories

Finished goods

Saleable finished goods are measured at the lower of unit cost of production or net realizable value. The unit cost of production is determined as the total cost of production divided by the saleable unit output.

Cost assigned to saleable inventories on hand at the reporting date, arising from the conversion process is determined by using the unit cost of production method and comprises of the following production cost include:

- labor costs, consumables materials, repair and maintenance expenses of plant and machinery (which are not eligible for capitalization in items of plant and machinery),
- contractor expenses which are directly attributable to the extraction and processing of ore and production of finished goods and
- direct and allocated production overheads.

Work-in-process

Work-in-process is measured at the lower of cost or net realizable value. The cost of work-in-process is determined using the unit cost of production for the year, based on the percentage of completion method at the applicable stage and includes:

- labor costs, materials and contractor expenses which are directly attributable to the extraction and processing of ore and production activities,
- the depreciation of mining properties and leases of property, plant and equipment used in the extraction and processing of ore, and the amortization of any deferred stripping assets,
- variable and fixed production overheads, the latter being allocated on the basis of normal operating capacity, and
- direct production overheads.

Ore stockpiles

Ore stockpiles represent ore that has been extracted from the mine, considered to be of future economic benefits under current prices and is available for further processing. If the ore stockpile is not expected to be processed in 12 months after the reporting date, it is included in non-current assets. Cost of ore stockpiles are determined by using the weighted average cost basis. If the ore extracted, in the stockpile is considered not to be economically viable the cost is expensed immediately.

If there is significant uncertainty as to when the stockpiled ore will be processed the cost is expensed as incurred. Where the future processing of this ore can be predicted with confidence because it exceeds the mine's cut-off grade and is economically viable, it is valued at the lower of cost of production (as determined based on the weighted average cost basis) or net realizable value. Quantities and grades of stock piles are assessed primarily through surveys and assays.

Spare parts and consumable materials

Spares and consumable inventory are valued at the lower of cost or net realizable value. Cost is determined on the weighted average cost basis. An allowance for obsolete and slow-moving items, if any, is estimated at each reporting date.

Raw materials

Raw materials are valued at the lower of cost or net realizable value. Cost is determined on the weighted average cost basis.

Net realizable value

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to complete production and the estimated costs of any selling expenses.

4-4-2-11 Trade and other receivables

Trade receivables are recognized initially at fair value and subsequently measured at either amortized cost using the effective interest method less loss allowances, if any, or at fair value through profit or loss.

Trade receivable that do not meet the criteria for amortized cost or fair value through other comprehensive income ("**FVOCI**") are measured at fair value through profit or loss ("**FVTPL**"). Any gain or loss arising on such trade receivables is recognized in the statement of comprehensive income and presented within "Revenue".

4-4-2-12 Time deposits

Time deposits include placements with banks and other short term highly liquid investments, with original maturities of more than three months but not more than one year from the date of acquisition. Time deposits are placed with financial institutions with investment grade rating, which are considered to have low credit risk, hence provision is recognized at an amount equal to 12-month ECL unless there is evidence of significant increase in credit risk of the counter party.

4-4-2-13 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, cash held at banks and short-term bank deposits with an original maturity of three months or less at the date of acquisition, which are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

Restricted cash and cash equivalents that are not available for use by the Company are excluded from cash and cash equivalents for the purposes of the statement of cash flows. Restricted cash and cash equivalents are related to the employees' savings plan program.

4-4-2-14 Financial instruments and financial assets and financial liabilities

The Company recognizes a financial asset or a financial liability in its statement of financial position when, and only when, the Company becomes party to the contractual provisions of the instrument. The Company recognizes all of its contractual rights and obligation under derivatives in its statement of financial position as assets and liabilities.

Derivative instruments

The Company utilizes derivative instruments to manage certain market risk exposures. The Company does not use derivative financial instruments for speculative purposes, however it may choose not to designate certain derivatives as hedges for accounting purposes.

The use of derivative instruments is subject to limits and the position are regularly monitored and reported to senior management.

Commodity contracts

The Company's earnings are exposed to movements in the prices of the commodities it produces.

The Company's policy at the moment is to sell its products at prevailing market prices and not to hedge commodity price risk.

Provisional price contracts

Certain of the Company's sales are provisionally priced, meaning that the final selling price is determined normally 30 to 180 days after the delivery to the customer, based on the quoted market price stipulated in the contract and as a result are susceptible to future commodity price movements.

At each reporting date, subsequent to the initial sale, the provisionally priced trade receivables are marked to-market using the relevant forward market prices for the period stipulated in the contract. This exposure to the commodity price causes such trade receivables to fail the SPPI test. As a result, these receivables are measured at FVTPL from the date of recognition of the corresponding sale, with subsequent marked-to-market adjustments recognized in fair value gains (losses) on provisionally priced products and the carrying amount of the outstanding trade receivable. Such fair value gains (losses) on provisionally priced products are presented within 'Revenue'.

Financial assets

The Company's principal financial assets include:

- trade and other receivables – excluding pre-payments and zakat / income tax receivables - (Accounting policy 3.11 of the 2023G financial statements)
- time deposits (Accounting policy 3.12 of the 2023G financial statements)
- cash and cash equivalents (Accounting policy 3.13 of the 2023G financial statements)
- due from fellow subsidiaries and shareholders

They are derived directly from the Company's operations.

Recognition of financial assets

Financial assets are initially recognized at fair value on the trade date plus, in the case of a financial asset not at FVTPL, transaction costs.

A trade receivable without a significant financing component is recognized at its transaction price.

Regular way purchases and sales of financial asset are recognized on trade-date, the date on which the Company commits to purchase or sell the asset.

Subsequently, financial assets are carried at fair value or at amortized cost less impairment

Classification of financial assets

Financial assets are classified into one of the following three categories, based on the business model in which the financial asset and its contractual cash flow characteristics are managed:

- measured at amortized cost ("**AC**"),
- fair value through profit or loss ("**FVTPL**") and
- fair value through other comprehensive income ("**FVOCI**").

Impairment and un-collectability of financial assets

At each reporting date, the Company measures the loss allowance for a financial asset (using the Expected credit loss model) at an amount equal to the lifetime expected credit losses, if the credit risk on that financial asset has increased significantly since initial recognition.

However, if at the reporting date, the credit risk on that financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Regardless of the change in credit risk, loss allowances on trade receivables measured at amortised cost that do not contain a significant financing component are calculated at an amount equal to lifetime expected credit losses.

Such impairment losses are recognized in the profit or loss.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to receive cash flows from the financial assets have expired, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity.

Gains and losses arising on derecognition of financial assets are recognized in the statement of profit or loss.

Financial liabilities

The Company's principal financial liabilities comprise of:

- lease liabilities (accounting policy 3.6 of the 2023G financial statements)
- long-term borrowings (Accounting policy 3.15 of the 2023G financial statements),
- projects, trade and other payables – excluding zakat / income tax liabilities and employees' end of service termination benefits obligations - (Accounting policy 3.19 of the 2023G financial statements) and
- accrued expenses (Accounting policy 3.19 of the 2023G financial statements)
- due to fellow subsidiaries and shareholders

The main purpose of these financial liabilities is to finance the Company's operations and to guarantees support for the operations.

Recognition of financial liabilities

Financial liabilities are initially recognized at fair value of the consideration received net of any directly attributable transaction costs, as appropriate. Subsequently, financial liabilities are carried at amortized cost.

Long-term borrowings are initially recognized at the fair value (being proceed received, net of eligible transaction cost incurred, (if any).

Subsequent to initial recognition long-term borrowings are measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the statement of profit or loss over the period of the long-term borrowings using effective interest rate method.

Classification of financial liabilities

Financial liabilities are classified and subsequently measured at amortized cost except for the following:

- financial liabilities that arise when a transfer of a financial asset does not qualify for de-recognition or when the continuing involvement approach applies;
- financial guarantee contracts which are measured at the higher of the amount of loss allowance and the amount initially recognized; and
- commitments to provide a loan at below market interest rate which shall be measured at the higher of the amount of loss allowance, the amount initially recognized and the contingent consideration in case of a business combination.

Derecognition of financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized as a gain or a loss in the statement of profit or loss.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, it is treated in the statement of profit or loss as other income or finance costs.

Offsetting financial assets and financial liabilities

A financial asset and liability is offset and net amount reported in the financial statements, when the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

4-4-2-15 Long-term borrowings

Long-term borrowings are initially recognized at the fair value (being proceeds received, net of eligible transaction costs incurred, if any). Subsequent to initial recognition long-term borrowings are measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs, if any) and the redemption amount is recognised in the statement of profit or loss over the period of the borrowings using the effective interest rate method.

Up-front fees paid on the establishment of loan facilities are recognized as transaction costs of the long-term borrowings to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting year.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred in the statement of profit or loss.

4-4-2-16 Provisions

Provisions are recognized when the Company has:

- a present legal or constructive obligation as a result of a past event;
- it is probable that an outflow of economic resources will be required to settle the obligation in the future; and
- the amount can be reliably estimated.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as part of the finance costs in the statement of profit or loss.

4-4-2-17 Provisions for decommissioning, site rehabilitation and dismantling obligations

The mining, extraction and processing activities of the Company normally give rise to obligations for mine closure decommissioning, site rehabilitation and plant dismantling (collectively referred to as "**decommissioning, site rehabilitation and dismantling obligations**"). Decommissioning and site restoration work can include facility decommissioning and dismantling of plant and buildings, removal or treatment of waste materials, site and land rehabilitation. The extent of the work required, and the associated costs are dependent on the requirements of current laws and regulations.

The estimated future cost is discounted to its present value and capitalized as part of "Mine under construction" and once it has been transferred to "Mine properties" it is then depreciated as an expense over the expected life-of-mine.

Costs included in the provision includes all decommissioning site rehabilitation and dismantling obligations expected to occur over the life-of-mine and at the time of closure in connection with the mining activities being undertaken at the reporting date. Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognized as an expense and liability when the event gives rise to an obligation which is probable and capable of reliable estimation.

The timing of the actual decommissioning, site rehabilitation and dismantling expenditure is dependent upon a number of factors such as:

- the life-of-mine,
- developments in technology,
- the operating license conditions,
- the environment in which the mine operates and
- changes in economic sustainability.

Adjustments to the estimated amount and timing of future decommissioning cash flows are a normal occurrence in light of the significant judgments and estimates involved. Such adjustments are recorded as an increase in liability and a corresponding increase in the mine/ plant related asset. Factors influencing those adjustments include:

- revisions to estimated ore reserves, mineral resources and lives of mines/plant assets,
- developments in technology,
- regulatory requirements and environmental management strategies,
- changes in the estimated extent and costs of anticipated activities, including the effects of inflation and
- changes in economic sustainability.

Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the statement of profit or loss and other comprehensive income as part of finance costs.

4-4-2-18 Employees' benefits

Employees' savings plan program

In accordance with Article 145 of the Labor Regulations, and in furtherance to Article 76 of the Company's Internal Work Regulation, approved by resolution No. 424 dated 6th of Rabi II 1420H (corresponding to 19 July 1999), issued by His Highness the Minister of Labor and Social Affairs, a Savings Plan Program was introduced to encourage the Saudi employees of the Company to save and invest their savings in areas more beneficial to them, to secure their future and as an incentive for them to continue working with the Company.

Participation in the Savings Plan Program is restricted to Saudi Nationals only and optional with employees required to contribute a monthly minimum installment of 1% to a maximum of 15% of their basic salary subject to a minimum of Saudi Riyals 300 per month.

This is a defined contribution plan where the Company will contribute an amount equaling 10% of the monthly savings of each member per year for the first year and increase it by 10% per year in the years there after until it reaches 100% in the 10th year, which will in turn be credited to the savings accounts of the employee. The Company's portion is charged to statement of profit or loss on a monthly basis. The Company's portion will only be paid upon termination or resignation of the employee.

Other short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled in full within 12 months after the end of the year in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as part of accrued expenses in the statement of financial position.

Home ownership program ("HOP")

The Company provides an interest free loan to an eligible employee to purchase or build his own house by mortgaging the property in the Company's name as security. The repayment of the loan is deducted from the employees' salary in monthly installment.

The interest cost associated with the funding of the acquisition or construction of the employees' house is borne by the Company in accordance with the approved Home owners plan, and expensed as part of finance cost.

Employees' end-of-service termination benefits obligation

The liability recognized in the statement of financial position in respect of the defined employee end-of-service-termination benefits 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.

Since the Kingdom of Saudi Arabia has no deep market in high-quality corporate bonds, the market yields of high quality corporate bonds from United States of America as adjusted for the country risk of the Kingdom of Saudi Arabia are used to calculate the present value of the defined benefit obligation by discounting the estimated future cash outflows.

The net finance cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in finance cost in the statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the year in which they occur, directly in the statement of other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the statement of financial position.

Changes in the present value of the defined benefits obligation resulting from plan amendments or curtailments are recognized immediately in the statement of profit or loss as past service costs.

4-4-2-19 Share-based payment

Share-based compensation benefits are provided to employees of the Company via Employee Stock Incentive Program ("**Plan**") approved at the Ma'aden Group level.

The fair value of shares granted under the Plan is recognised as an expense (salaries and staff related benefits), with a corresponding increase in "Due to Shareholders" since the Company is required to compensate Maaden for the shares granted. The total amount to be expensed is determined by reference to the fair value of the shares granted:

- including any market conditions (e.g. the Ma'aden Group's share price).
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Company revises its estimates of the number of shares that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in the statement of profit or loss, with a corresponding adjustment to Due to Shareholders.

4-4-2-20 Projects, trade and other payables and accrued expenses

Liabilities in respect of contract costs for capital projects including trade payables are recognized at amounts to be paid for goods and services received. The amount recognized is discounted to the present value of the future obligations using the Company's incremental borrowing rate; unless they are due in less than one year.

Liabilities in respect of other payables are recognized at amounts to be paid for goods and services received.

4-4-2-21 Zakat, income tax, withholding tax and deferred taxes

The Company is subject to zakat for Saudi shareholders and income tax for the foreign shareholder in accordance with the regulations of the Zakat, Tax and Customs Authority ("**ZATCA**"). A provision for zakat and income tax for the Company is charged to the statement of profit or loss. Differences, if any, at the finalization of the final assessments by ZATCA are accounted for when such amounts are determined.

The Company withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

The income tax expense for non-GCC shareholders includes the current tax and deferred tax charge recognized in the statement of profit or loss.

Current tax payable is based on taxable profit for year. Taxable profit differs from net profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax amounts used for taxation purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary differences arise from the initial recognition of goodwill or of an asset or liability in a transaction (other than in a business combination) that affects neither taxable profit nor accounting profit.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to the statement of profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also taken directly to equity.

4-4-2-22 Severance fees

Effective from 1 January 2021G onwards, as per the Mining Investment Law as issued via Ministerial Resolution No. 1006/1/1442 dated 9 Jumada Al-Awwal 1442H (corresponding to 17 April 2021) (the "**Mining Law**"), the Company is required to pay to the Government of Saudi Arabia severance fee representing equivalent of

- 20% of hypothetical income net of proportionate zakat due to Zakat, Tax and Customs Authority ("**ZATCA**"); and
- specified percentage of the net value of the minerals upon extraction. Up to 31 March 2023G, severance fees amount was shown as part of cost of sales in the statement of profit or loss. As a result of new interpretation under the Mining Law advised by the Ministry of Industry and Mineral Resources (the "**Ministry**") during the period ended 31 December 2023G, the Company has accounted for severance fees representing the equivalent of 20% of hypothetical income net of proportionate zakat due to ZATCA under International Accounting Standard 12 ("**IAS 12**") "Income Taxes".

4-4-3 Critical accounting, judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS and other standards and pronouncement that are issued by SOCPA, as endorsed in the Kingdom of Saudi Arabia, requires the Company's management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, their accounting disclosures and the disclosures of contingent liabilities at the date of the financial statements.

Estimates and assumptions are continually evaluated and are based on management's historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The accounting estimates will, by definition, seldom equal the related actual results.

Management, through the crisis management committee, has proactively assessed the potential of the Covid-19 pandemic for any further regulatory and government restrictions both locally and in the market in which the Company operates that could adversely affect our supply chain and our production capabilities, demand of our products, as well as our sales distribution network that could cause a negative impact on our financial performance. Management has concluded that our critical accounting judgements, estimates and assumptions remain appropriate under the current circumstances.

4-4-3-1 Critical accounting judgments in applying accounting standards

The following critical judgments have the most significant effect on the amounts recognized in the financial statements:

- economic useful lives of property, plant and equipment and mine properties
- impairment and the reversal of impairment,
- right-of-use assets and lease liabilities
- stripping cost
- determination of cash generating unit ("**CGU**")
- zakat and income tax and
- commercial production start date.

Economic useful lives of property, plant and equipment and mine properties

The Company's property, plant and equipment, are depreciated on a straight-line basis over their economic useful lives.

The economic useful lives of property, plant and equipment is reviewed by management periodically. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Company.

The Company's mine properties are depreciated using the unit of production ("**UOP**") over the economically recoverable proven and probable ore reserves or the straight line method over their economic life, whichever is the shorter.

The factors that could affect estimation of the life-of-mine include the following:

- changes in proven and probable ore reserves,
- the grade of ore reserves varying significantly from time to time,
- differences between actual commodity prices and commodity price assumptions used in the estimation and classification of ore reserves,
- unforeseen operational issues at mine sites and
- changes in capital, operating, mining, processing and reclamation costs, discount rates could possibly adversely affect the economic viability of ore reserves.

Any of these changes could affect prospective depreciation of mine properties and their carrying value. The economic useful lives of non-mining property, plant and equipment is reviewed by management periodically. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Company.

Impairment and the reversal of impairment

The Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets are impaired or whether there is any indicator that an impairment loss recognized in previous years may no longer exist or may have decreased.

Right-of-use assets and lease liabilities

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Stripping cost

Significant judgement is required to distinguish between development stripping and production stripping and to distinguish between the production stripping that relates to the extraction of inventory and that which relates to the creation of a stripping activity asset. Once the Company has identified its production stripping for each surface mining operation, it identifies the separate components of the ore bodies for each of its mining operations.

An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Significant judgement is required to identify and define these components, and also to determine the expected volumes (e.g., in tonnes) of waste to be stripped and ore to be mined in each of these components. These assessments are undertaken for each individual mining operation based on the information available in the mine plan. The mine plans and, therefore, the identification of components, will vary between mines for a number of reasons. These include, but are not limited to, the type of commodity, the geological characteristics of the ore body, the geographical location and/or financial considerations.

Judgement is also required to identify a suitable production measure to be used to allocate production stripping costs between inventory and any stripping activity asset(s) for each component. The Company considers that the ratio of the expected volume (e.g., in tonnes) of waste to be stripped for an expected volume (e.g., in tonnes) of ore to be mined for a specific component of the ore body, is the most suitable production measure.

Determination of cash generating units

The classification of assets into CGUs requires significant judgement and interpretations with respect to the integration between assets, the existence of active markets, external users, and the way in which management monitors the Company's operations. The Company's plants are considered as one CGU as individual asset / plant does not generate cash flows that are independent from other assets / plants.

Zakat and income tax

A provision for zakat and income tax is estimated at the end of each reporting year in accordance with the regulations of the Zakat, Tax and Customs Authority ("**ZATCA**") and on a yearly basis zakat and income tax returns are submitted to ZATCA. Difference if any, at the finalization of the final assessment are accounted when such amounts are determined.

Commercial production start date

Commercial production of the ammonia plant was declared on 1 January 2017G when the plant was capable of stable operations and has a designed production capacity of 1.1 million tonnes per year.

Commercial production of the di-ammonium phosphate plant was declared 2 December 2018G when the plant was capable of stable operations and has a designed production capacity of 3 million tonnes of di-ammonium phosphate per year.

Commercial production for the mine properties is achieved when the mining related assets are capable of operating in the manner envisaged by the entity's management during the commissioning phase. After declaring commercial production, the mining related assets are ramping up to design capacity.

- a nominated percentage of design capacity for a mine.
- mineral recoveries at or near expected levels.
- achievement of continuous production.
- the level of future capital expenditure still to be incurred.

The final decision on when the mining related asset is capable of commercial production should be agreed with the Ma'aden Corporate Financial control department to ensure that the decision is consistent with other decisions within Ma'aden Group.

It may also be necessary to consider aspects of the mining / production process (e.g. mine, processing plant, refinery, etc.) separately when considering when commercial production has commenced, especially if one aspect of the process has commenced production in advance of the others. Once the mine is capable of commercial production, depreciation should commence.

4-4-3-2 Key sources of estimation uncertainty

The following are the key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year:

- mineral resource and ore reserves estimates,
- mine decommissioning obligation,
- allowances for obsolete and slow-moving spare parts and
- contingencies.

Mineral resource and ore reserve estimates

There is a degree of uncertainty involved in the estimation and classification of mineral resources and ore reserves and corresponding grades being mined or dedicated to future production. Until ore reserves or mineral resources are actually mined and processed, the quantity of ore reserve and mineral resource grades must be considered as estimates only. What is more, the quantity of ore reserves, and mineral resources may vary depending on, amongst other things, commodity prices and currency exchange rates.

The proven and probable ore reserve estimates of the Company have been determined based on long-term commodity price forecasts and cut-off grades. Any material change in the quantity of reserves, grades or stripping ratio may affect the economic viability of the properties.

Fluctuation in commodity prices, the results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may require estimates to be revised. The volume and grade of ore reserves mined and processed and recovery rates may not be the same as currently anticipated. Any material reductions in estimates of ore reserves and mineral resources, or of the Company's ability to extract these ore reserves, could have a material adverse effect on the Company's business, prospects, financial condition and operating results.

Mine decommissioning obligations

The Company's mining activities are subject to various environmental laws and regulations. The Company estimates environmental obligations based on management's understanding of the current legal requirements in the Kingdom of Saudi Arabia, terms of the mining license agreements and engineering estimates. Provision is made, for decommissioning as soon as the obligation arises. Actual costs incurred in future years could differ materially from the amounts estimated. Additionally, future changes to environmental laws and regulations and life-of-mine estimates could affect the carrying amount of this provision.

Allowances for obsolete and slow-moving spare parts

The Company also creates an allowance for obsolete and slow-moving spare parts. These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the statement of financial position date to the extent that such events confirm conditions existing at the end of the year. As at 31 December 2023G there's no provision for obsolete slow-moving items.

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

4-5 Results of the Operations for the Financial Years ended 31 December 2021G, 2022G and 2023G

4-5-1 Statements of profit or loss

The following table presents the income statement overview of MWSPC for the financial years ended 31 December 2021G, 2022G and 2023G.

Statement of profit or loss and other comprehensive income

SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Sales	6,161.4	10,313.1	7,313.6	67.4%	(29.1%)	8.9%
Cost of sales	(4,230.2)	(5,160.6)	(4,489.7)	22.0%	(13.0%)	(3.0%)
Gross profit	**1,931.2**	**5,152.5**	**2,823.9**	**166.8%**	**(45.2%)**	**20.9%**
Selling, marketing and logistic expenses	(314.5)	(575.0)	(415.6)	82.8%	(27.7%)	14.9%
General and administrative expenses	(140.1)	(198.0)	(224.3)	41.3%	13.3%	26.5%
Operating profit	**1,476.6**	**4,379.5**	**2,184.0**	**196.6%**	**(50.1%)**	**21.6%**
Income from time deposits	0.7	66.1	162.4	9,010.1%	145.8%	1,396.3%
Finance cost	(440.5)	(586.4)	(995.8)	33.1%	69.8%	50.3%
Other expenses, net	(21.3)	(74.4)	(58.6)	249.5%	(21.3%)	65.8%
Profit before zakat, income tax and severance fees	**1,015.5**	**3,784.8**	**1,292.1**	**272.7%**	**(65.9%)**	**12.8%**
Zakat	(35.9)	(116.1)	(75.9)	223.5%	(34.6%)	45.4%

SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Income tax	(7.6)	(108.6)	(26.6)	1,329.1%	(75.5%)	87.2%
Deferred tax charge	(53.5)	(83.2)	(46.7)	55.4%	(43.8%)	6.6%
Severance fees	-	-	(147.8)	n/a	n/a	n/a
Profit for the year	**918.5**	**3,476.9**	**995.1**	**278.6%**	**(71.4%)**	**4.1%**
Income/ (loss) attributable to the re-measurements of employees' end of service termination benefits obligation	(1.8)	(3.4)	4.3	84.5%	(227.1%)	n/a
Total comprehensive income for the year	**916.6**	**3,473.5**	**999.4**	**279.0%**	**(71.2%)**	**4.4%**

Source: MWSPC Financial Statements and Company Information

The Company principally sells di-ammonium phosphate fertilizer and ammonia products to its customers, through its shareholders (Ma'aden, SABIC and Mosaic) which act as marketers. A marketing agreement is in place with each counterparty whereby the marketers receive a fixed 4.5% of the value of the goods sold as a service fee. The marketers offtake the entire production capacity material that is produced by MWSPC. Hence, movements in sales are driven wholly by production capacity, production efficiency and market pricing for each material. Di-ammonium phosphate ("**DAP**") contributed 86.1% of total sales in 2023G whilst ammonia contributed 11.5% and phosphoric acid contributed 2.4%. Ammonia and phosphoric acid are used in producing the primary DAP product. Sales of ammonia and phosphoric acid are limited to excess production for these products which is not used internally by the Company in producing DAP.

Sales increased by 67.4% from SAR6,161.4m in 2021G to SAR10,313.1m in 2022G driven primarily by an increase in global market prices for the Company's products. DAP prices, largely dependent on the fertilizer industry, increased over the course of 2022G driven by shortage in the Asia-Pacific region, along with higher raw material ammonia and phosphate prices. Ammonia prices increased in 2022G as a result of a spike in feedstock natural gas costs. Whilst price was the primary driver of the increase in sales in 2022G, increased volumes also contributed to the increased sales. Sales reduced subsequently by 29.1% to SAR7,313.6m in 2023G as global market prices reduced, which was set off by an increase in quantity sold by 478,561 tonnes or 18% during 2023G.

Actual production of the primary DAP product increased from 2,443,208 tonnes in 2021G to 2,605,151 tonnes in 2022G and to 3,083,712 tonnes in 2023G. This increase in production was achieved through an increase in production efficiency and replacement of legacy fixed assets.

The gross margin percentage for the Company increased from 31.3% in 2021G to 50.0% in 2022G. This was a driven by market prices for the Company's products increasing due to supply constraints and other external factors whereas costs did not increase proportionally, resulting in an exceptionally high increase in the margin. The gross margin percentage returned to normal levels in 2023G as prices were normalized.

Net profit of MWSPC increased from SAR916.6m in FY21 to SAR3,473.5m in FY22 (up by SAR2,556.9m, or by 279%). The increase in net profit can be primarily attributed to several factors. Firstly, there was an increase in DAP and ammonia commodity prices, which contributed to higher revenues. Additionally, operational efficiencies in the plants led to increased volumes sold, further boosting revenues. It is worth noting that costs did not increase in the same proportion, resulting in improved profitability. These factors collectively contributed to the significant growth in net profit for MWSPC during FY22.

Net profit for MWSPC decreased from SAR3,473.5m in FY22 to SAR999.4m in FY23 (down by SAR2,474.1m, or by 71%). The decrease in net profit can be primarily attributed to decreased DAP and ammonia commodity prices due to normalization in the market, which had a negative impact on revenues. However, this decrease was partially offset by increased DAP volumes sold, resulting from operational efficiencies in the plants.

The Company uses financial performance indicators that are in line with IFRS.

The income statement of Ma'aden Wa'ad Al Shamal Phosphate Company is presented above and its items shall be explained in the next section.

4-5-1-1 Sales

The following tables present the breakdown of sales by product as well as the key performance indicators ("**KPIs**") racked by the Company for the financial years ended in December 2021G, 2022G and 2023G.

Sales

SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR1G-23G
Sales from sale of goods						
Diammonium phosphate (DAP) fertilizer	4,752.3	7,874.2	6,168.5	65.7%	(21.7%)	13.9%
Ammonia	1,009.8	1,838.1	824.5	82.0%	(55.1%)	(9.6%)
Phosphoric acid	-	-	174.5	n/a	n/a	n/a
	5,762.1	**9,712.3**	**7,167.5**	**68.6%**	**(26.2%)**	**11.5%**
Sales from transportation services	377.8	492.5	237.5	30.3%	(51.8%)	(20.7%)
Provisional price adjustment	21.5	108.4	(91.5)	404.5%	(184.4%)	n/a
Total sales	**6,161.4**	**10,313.1**	**7,313.6**	**67.4%**	**(29.1%)**	**8.9%**

Source: Company information

As % of total sales from sale of goods

SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Diammonium phosphate (DAP) fertilizer	82.5%	81.1%	86.1%	(1.7%)	6.2%	2.2%
Ammonia	17.5%	18.9%	11.5%	8.0%	(39.2%)	(19.0%)
Phosphoric acid	-	-	2.4%	n/a	n/a	n/a

Source: Company information

Quantity sold and average price per tonne

	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
DAP fertilizer sales analysis						
Quantity sold in tonnes	2,414,660	2,582,681	3,136,755	7.0%	21.5%	14.0%
Average realized price per tonne in: US$	555	834	538	50.3%	(35.5%)	(1.5%)
Saudi Riyal (equivalent)	2,080	3,129	2,017	50.4%	(35.5%)	(1.5%)
Ammonia sales analysis						
Quantity sold in tonnes	556,514	623,780	485,784	12.1%	(22.1%)	(6.6%)
Average realized price per tonne in: US$	545	954	446	75.0%	(53.2%)	(9.5%)
Saudi Riyal (equivalent)	2,045	3,579	1,671	75.0%	(53.3%)	(9.6%)
Phosphoric acid sales analysis						
Quantity sold in tonnes	-	-	50,156	n/a	n/a	n/a
Average realized price per tonne in: US$	-	-	928	n/a	n/a	n/a
Saudi Riyal (equivalent)	-	-	3,479	n/a	n/a	n/a

Source: Company Information

Actual Production (tonnes)

Tonnes	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Diammonium phosphate (DAP) fertilizer	2,443,208	2,605,151	3,083,712	6.6%	18.4%	12.3%
Ammonia	1,063,174	1,196,168	1,184,869	12.5%	(0.9%)	5.6%
Phosphoric acid	1,175,802	1,293,454	1,560,181	10.0%	20.6%	15.2%

Source: Company Information

Utilisation / Efficiency

SARm	2021G	2022G	2023G	Var .21G-22G	Var 22G-23G	CAGR 21G-23G
Diammonium phosphate (DAP) fertilizer	81%	87%	103%	6.6%	18.4%	12.3%
Ammonia	98%	110%	109%	12.5%	(0.9%)	5.6%
Phosphoric acid	78%	86%	104%	10.0%	20.6%	15.2%

Source: Company Information

Sales from sale of goods

DAP sales increased by 65.7% from SAR4,752.3m in 2021G to SAR7,874.2m in 2022G. This was largely driven by an increase in sales price from SAR2,080 per tonne in 2021G to SAR3,129 per tonne in 2022G. Additionally, production volume increased by 6.6% driven by higher production efficiency of 87% in 2022G compared to 81% in 2021G. Global market prices for DAP are largely dependent on the fertilizer industry and increased materially over the course of 2022G driven by a shortage in the Asia-Pacific region.

DAP sales declined by 21.7% from SAR7,874.2m in 2022G to SAR6,168.5m in 2023G as prices declined from an average of SAR3,129 per tonne in 2022G to SAR2,017 in 2023G. This decline in prices was due to a market correction and the prices are expected to stabilize at this level for the foreseeable future. The decline in prices was partly offset by an increase in volumes 21.5%, driven by an increase of production efficiency to 103% in 2023G. It is possible to achieve production of over the theoretical maximum of 100% (up to 110%) through improved reliability of assets and asset sweating. DAP production is expected to be around 3.1 million tonnes per year going forward.

Ammonia is primarily produced as a feedstock for the production of DAP. Sales generated from the sales of ammonia increased by 82.0% from SAR1,009.8m in 2021G to SAR1,838.1m in 2022G driven primarily by an increase in the sales price from SAR2,045 per tonne to SAR3,579 per tonne in addition to an increase of 12.1% in volumes. Ammonia prices were higher during 2022G following a spike in the cost of natural gas, which is a key ingredient for ammonia production.

Ammonia sales subsequently declined by 55.1% from SAR1,838.1m in 2022G to SAR824.5m in 2023G. This was driven by a decline in prices from an average of SAR3,579 per tonne in 2022G to SAR1,671 in 2023G. This decline in prices was due to a market correction and the prices are expected to stabilize at this level for the foreseeable future. Sales were also impacted by a decline in the volume of ammonia sold to third parties by 22.1% due to higher internal consumption of ammonia to support increased DAP production.

Phosphoric acid is also manufactured and primarily captively consumed in DAP production. During 2023G, the Company achieved 104% production efficiency compared to 86% in 2022G, resulting in an increase in the availability of the product for third-party sales.

Sales from other services

Sales from transportation services is a pass-through item which is billed to the Company's customer's customers for transportation of materials. A cost for the same amount is included within cost of sales and described as cost of rendering transportation services. Sales from transportation services increased from SAR377.8m in 2021G to SAR492.5m in 2022G before subsequently decreasing to SAR237.5m in 2023G as it is in line with prices of commodities and hence moved in the same direction as sales.

Additionally, there is a provisional price adjustment which pertains to the difference in market pricing of the products between the date of delivery/ invoice and date of settlement. Invoice is generated at the price at the time of delivery. In some cases, the end consumer will negotiate with the marketer for a forward price arrangement and any variances from the prices at invoice date and such forward price arrangements, shall be recorded as a provisional price adjustment. FX movements do not impact the provisional price adjustment as all sales are made in US Dollars which is closely pegged to Saudi Riyals.

Sales by customer

The following table displays the sales by customer for MWSPC for the financial years ended on 31 December 2021G, 2022G and 2023G.

Sales by customer

SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Ma'aden	4,011.8	6,173.5	4,086.3	53.9%	(33.8%)	0.9%
SABIC	1,061.5	2,135.3	1,693.6	101.2%	(20.7%)	26.3%
Mosaic	1,088.1	1,995.9	1,524.3	83.4%	(23.6%)	18.4%
Others	-	8.3	9.4	n/a	13.5%	n/a
Total	**6,161.4**	**10,313.1**	**7,313.6**	**67.4%**	**(29.1%)**	**8.9%**

Source: Company Information

Note: 'Others' refers to an unreconciling balance and is presented as others as it is immaterial to the total sales in each year

As % of total DAP quantity sold

SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Ma'aden	57.2%	48.4%	50.5%	(15.3%)	4.4%	(6.0%)
SABIC	21.0%	25.4%	26.1%	21.3%	2.6%	11.5%
Mosaic	21.9%	26.2%	23.4%	19.7%	(10.5%)	3.5%

Source: Company Information

The Company has marketing agreements with each of its shareholders which govern the offtake of DAP to be in the same percentage as their shareholding (Ma'aden: 60%, SABIC: 15%, Mosaic: 25%). In addition to this, 100% of third-party sales for both ammonia and phosphoric acid are sold to Ma'aden. Sale proceeds are transferred by these marketers to the Company after deduction of the marketing fee (4.5% of sale value) and allowed deductibles, as agreed in the marketing agreements. The shareholding percentages as specified in the shareholder agreements, are applicable for both MPC and MWSPC at a combined level, therefore, the percentages of DAP sold at MWSPC level vary on a year on year basis.

During 2023G, the Company generated sales of SAR228.4m from Ma'aden Phosphate Company ("**MPC**"). This sales was derived from the sales of phosphoric acid which is typically consumed internally in DAP production. The sales of these products are conducted under a product swap arrangement whereby certain goods are sold, and other goods are procured from other subsidiaries of the Ma'aden Group based on specific requirements of each party. Any remaining balance of receivables or payables which is remaining at the end of this arrangement is included within due to or due from related party in the financial statements.

4-5-1-2 Cost of sales

The following table displays the cost of sales for MWSPC for the financial years ended 31 December 2021G, 2022G and 2023G.

Cost of sales

SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Raw material, utilities and consumables	1,281.6	2,329.5	1,694.2	81.8%	(27.3%)	15.0%
Salaries and staff related benefits	310.4	393.1	502.6	26.6%	27.9%	27.3%
Contracted services	346.8	365.7	361.1	5.5%	(1.2%)	2.0%
Repairs and maintenance	19.0	17.9	19.3	(5.7%)	7.7%	0.8%
Consumables	156.1	178.1	281.8	14.1%	58.2%	34.4%
Overheads and other consumables	130.4	140.5	147.0	7.7%	4.6%	6.2%
Total cash operating costs	**2,244.2**	**3,424.8**	**3,006.0**	**52.6%**	**(12.2%)**	**15.7%**
Depreciation of mine properties	162.1	154.5	195.2	(4.7%)	26.3%	9.7%
Depreciation of property, plant and equipment	1,075.5	1,102.7	1,106.0	2.5%	0.3%	1.4%
Depreciation of right-of-use assets	16.3	12.2	9.9	(25.6%)	(18.2%)	(22.0%)
Property, plant, and equipment written-off	142.6	-	-	(100.0%)	n/a	n/a
Mine properties written-off	133.2	-	-	(100.0%)	n/a	n/a
Amortization of intangible assets	-	-	0.2	n/a	n/a	n/a
Severance fees	18.1	8.5	2.0	(52.8%)	(76.7%)	(66.9%)
Total operating costs	**3,792.1**	**4,702.8**	**4,319.4**	**24.0%**	**(8.2%)**	**6.7%**
(Increase) / Decrease in inventory	60.3	(34.6)	(67.2)	(157.4%)	94.1%	n/a
Total cost of sales	**3,852.4**	**4,668.1**	**4,252.1**	**21.2%**	**(8.9%)**	**5.1%**
Cost of rendering transportation services	377.8	492.5	237.5	30.3%	(51.8%)	(20.7%)
Total	**4,230.2**	**5,160.6**	**4,489.7**	**22.0%**	**(13.0%)**	**3.0%**
As % of sales						
Raw material, utilities and consumables	20.8%	22.6%	23.2%	8.6%	2.6%	5.5%
Salaries and staff related benefits	5.0%	3.8%	6.9%	(24.3%)	80.3%	16.8%
Contracted services	5.6%	3.5%	4.9%	(37.0%)	39.3%	(6.3%)
Repairs and maintenance	0.3%	0.2%	0.3%	(43.6%)	51.9%	(7.5%)
Consumables	2.5%	1.7%	3.9%	(31.8%)	123.1%	23.3%
Overheads and other consumables	2.1%	1.4%	2.0%	(35.6%)	47.5%	(2.6%)

Source: MWSPC Financial Statements and Company Information

Raw materials, utilities and consumables

Cost of sales increased by 22.0% from SAR4,230.2m in 2021G to SAR5,160.6ms in 2022G primarily driven by an increase in the cost of raw material, utilities and consumables which increased by 81.8% from SAR1,281.6m to SAR2,329.5m over the same period due to an increase in the price of input materials such as sulfur, molten sulfur, sulfuric acid, sulphate of potash and imported rock. This increase was also driven by higher production volumes in 2022G as compared to 2021G. The Company also paid SAR52.0m in 2022G to Saudi Arabian Railways in relation to a price adjustment which was under discussion since 2018. This amount was recognized in the raw materials, utilities and consumables line item. Consumables primarily comprised plant operaton supplies eg. Filter cloth, PAU consumables, gaskets, HSE safety PPEs, etc.

Cost of sales subsequently decreased by 13.0% from SAR5,160.6m in 2022G to SAR4,489.7m in 2023G primarily driven by raw material, utilities and consumables which decreased by 27.3% from SAR2,329.5m to SAR1,694.5m over the same period. The Company completed an optimization and remediation program during 2023G for the beneficiation and PAP plants which resulting in cost savings. Prior to this remediation, the plants required frequent trouble shooting and repair works resulting in leading to downtime in production. Additionally, there was also a decline in the price of certain raw materials including sulfur, molten sulfur and imported phosphate rock in 2023G compared to the elevated levels in 2022G.

Salaries and staff related benefits

The following table presents the total staff costs for the Company (including staff costs in cost of sales and general and administrative expenses) for the financial years ended in December 2021G, 2022G and 2023G.

Staff costs

SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Salaries and staff related benefits (Cost of sales)	310.4	393.1	502.6	26.6%	27.9%	27.3%
Salaries and staff related benefits (G&A)	21.7	19.9	22.1	(8.2%)	10.8%	0.8%
Total	**332.0**	**413.0**	**524.6**	**24.4%**	**27.0%**	**25.7%**

Source: MWSPC Financial Statements and Company Information

Average headcount and cost per FTE

	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Actual headcount at end of each year*	939	972	780	n/a	n/a	n/a
Saudi-national employees*	638	733	584	n/a	n/a	n/a
Non-Saudi employees*	301	239	196	n/a	n/a	n/a
Average headcount over the three years	1,150	1,150	1,150	-	-	-
Average cost per FTE (SARk)	288.7	359.1	456.2	24.4%	27.0%	25.7%

*: Employees on MWSPC payroll

Source: Company information

Salaries and staff related benefits experienced a significant increase of 24.4 from SAR332.0m in 2021G to SAR413.0m in 2022G. This was primarily driven by higher bonuses resulting from the improved profitability in the business whereas the number of employees remained relatively stable.

Salaries and staff related benefits increased by a further 27.0% in 2023G to SAR524.6m resulting from a benchmarking exercise conducted to align employee salaries with wider market standards. We understand that c. 237 employees were transferred from MWSPC to MPC during 2023G, however, their cost was charged back to MWSPC.

Contracted services

Contracted services remained stable between 2021G and 2023G, increasing from SAR346.8m in 2021G to SAR361.1m in 2023G. These services primarily relate to extraction and other production process.

Repairs and maintenance, consumables, overheads and other consumables

Repairs and maintenance, consumables, overheads and other consumables are viewed as one line item in the Company's internal reporting, whilst they are presented separately in the financials for 2021G to 2023G.

Repairs and maintenance remained stable between 2021G and 2023G, increasing from SAR19.0m to SAR19.3m.

Overheads and other consumables increased by 7.7% in 2022G and a further 4.6% in 2023G.

The largest increase was in consumables, which increased by 14.1% in 2022G to SAR178.1m and by 58.2% in 2023G to SAR281.8m. This was driven by the various remediation programs run at the beneficiation and PAP plants in 2023G which resulted in several one-off costs being recognized.

Depreciation and write-off of non-current assets

Depreciation costs recognized within cost of sales primarily represents depreciation on machinery and equipment used in manufacturing operations and includes depreciation of mine properties.

During 2021G, the Company wrote off certain property, plant and equipment related to the sulphuric acid plant which had a carrying value of SAR142.6m. These represented redundant assets which needed to be completely replaced in 2021G due to certain performance issues. The write-off loss was recognized and included in the cost of sales in 2021G.

Additionally, in 2021G the Company also wrote off certain mine properties specifically related to the beneficiation plant with a carrying value of SAR133.2m. The decision to write off these assets was made due to their redundancy and the need for complete replacement driven by certain performance issues. The write-off loss was recognized and included in the cost of sales in 2021G.

Severance fees

In accordance with the Saudi Mining Investment Code based on the Royal Decree No. 140/M dated 19 Shawwal 1441H (corresponding to 11 June 2020), the Company is required to pay severance fees to the Government of Saudi Arabia representing 20% of hypothetical income in addition to a specified percentage of the net value of the minerals upon extraction. This was effective from 1 January 2021G.

Severance fees were charged to cost of sales in the income statement on this basis up to 31 March 2023G.

In the year ended 31 December 2023, the Ministry shared new interpretations under the Mining Law to which the Company has analyzed new interpretations to the Mining Law and have accounted for severance fees equivalent of 20% of hypothetical income net of proportionate zakat due to ZATCA under IAS 12 "**Income Taxes**" as it now falls under the scope of IAS 12. Accordingly, such component of severance fees along with the net deferred severance fee has been presented separately in the statement of profit or loss.

As the zakat due shall be deducted from this amount, the net income for each mining license registered in the name of the Company is subject to severance fees.

The following table presents the calculation of the severance fees recognized in cost of sales for the financial years ending in December 2021G, 2022G and 2023G.

Severance fees

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Opening balance	-	18.1	8.0	n/a	(55.8%)	n/a
Provision for severance fee	18.1	8.5	2.0	(52.8%)	(76.7%)	(66.9%)
Provision for severance fee for the current year	18.1	8.0	2.0	(55.8%)	(75.2%)	(66.9%)
Under provision of severance fee for the prior year	-	0.5	-	n/a	n/a	n/a
Paid during the year	-	(18.6)	(5.4)	n/a	(70.9%)	n/a
Closing balance	**18.1**	**8.0**	**4.6**	**(55.8%)**	**(42.9%)**	**(49.7%)**

Source: MWSPC Financial Statements and Company Information

Even though the Royal Decree No. 140/M was applicable from 1 January 2021G depicting that the Company is required to pay severance fees equivalent to 20% of hypothetical income in addition to a specified percentage of the net value of the minerals upon extraction, the interpretation was not clear. It was only during 2022, that MWSPC was able to discuss the changes in law with the Ministry and hence applied the new laws from 2022. The Ministry gave further interpretations which prompted MWSPC to record the deferred severance fee liabilities/ assets driven by differences between the carrying value of mine properties based on IFRS of SAR3,209.6m and the carrying value of the mine properties based on the Zakat, Tax and Customs Authority's ("**ZATCA**") regulations. Refer to severance fee calculation presented later in this document (4-5-1-9).

Severance fees provisions decreased from SAR18.1m in 2021G to SAR8.0m in 2022G and further to SAR4.6m in 2023G. The main driver for this decrease in severance fee was the financial result from operating the phosphate mines shifted from a profit in 2021G to a loss in 2022G and this loss increased in 2023G. The calculation of the provision is included in the following table:

Provision for severance fees payable by Phosphate mines

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Severance fees based on the value of extracted Minerals"						
Net value of minerals upon extraction	10.8	200.2	49.7	1,750.6%	(75.2%)	114.4%
Percentage of fees for the mineral extracted applicable to the Company	**4.0%**	**4.0%**	**4.0%**	**-**	**-**	**-**
Ad Valorem fee on extracted minerals for the year	0.4	8.0	2.0	1,750.6%	(75.2%)	114.4%
Add: Hypothetical income tax at 20% based on years taxable net income	**53.5**	**-**	**-**	**(100.0%)**	**n/a**	**n/a**
Provision for severance fees based on extracted minerals for the year	54.0	8.0	2.0	(85.2%)	(75.2%)	(80.8%)
Severance fee based on the value of adjusted profit:						
Net (loss) from operating mines before zakat and severance fee for the year	265.6	(82.8)	(146.8)	(131.2%)	77.2%	n/a
Percentage of severance fees applicable to the Company	25.0%	20.0%	20.0%	(20.0%)	-	(10.6%)
Net (loss) as defined for the year	**66.4**	**(16.6)**	**(29.4)**	**(124.9%)**	**77.2%**	**n/a**
Severance fee provision:						
Tax (loss) on adjusted profit	54.0	(16.6)	(29.4)	(130.7%)	77.2%	n/a
Less: Provision for zakat settled (restricted to the guidelines per Article 134.3) for the year	(35.9)	(101.9)	(59.1)	184.0%	(42.0%)	(28.3%)
Add: Fees for the value of minerals upon extraction	-	8.0	2.0	n/a	(75.2%)	n/a
Net severance fee provision for the year	**18.1**	**8.0**	**2.0**	**(55.8%)**	**(75.2%)**	**(66.9%)**

Source: MWSPC Financial Statements and Company Information

Gross margin

The gross margin percentage for the Company increased from 31.3% in 2021G to 50.0% in 2022G. This was driven by market prices for the Company's products increasing due to supply constraints and other external factors whereas costs did not increase proportionally, resulting in an exceptionally high increase in the margin.

The gross margin percentage subsequently reduced from 50.0% in 2022G to 38.6% in 2023G as the market prices reduced to more normal levels. The net increase in gross margin percentage between 2021G and 2023G was achieved as the Company was able to increase production efficiency.

4-5-1-3 Selling, marketing and logistic expenses

The following table presents the selling and marketing expenses for the Company for the financial years ended in December 2021G, 2022G and 2023G.

Selling, marketing and logistic expenses

SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Marketing fees	262.1	444.1	303.6	69.5%	(31.6%)	7.6%
Deductibles	13.7	79.7	51.0	483.4%	(36.0%)	93.3%
Logistic expenses	38.8	51.1	61.0	31.7%	19.3%	25.4%
Total	**314.5**	**575.0**	**415.6**	**82.8%**	**(27.7%)**	**14.9%**
As % of sales						
Marketing fees on revenue from sale of goods	4.5%	4.6%	4.3%	0.5%	(5.1%)	(2.3%)
Deductibles	0.2%	0.8%	0.7%	248.6%	(9.7%)	77.4%
As % of transportation sales						
Logistic expenses	10.3%	10.4%	25.7%	1.1%	147.4%	58.1%

Source: MWSPC Financial Statements and Company Information

Selling and marketing expenses primarily comprised marketing fees of 4.5% paid to the shareholders as part of their offtake agreement. According to management, this comes in lieu of incurring marketing expenses that would have to be necessary should they have to sell the products in the market. The expense is close to 4.5% of sales in all years as the off-take agreement does not cover the transportation revenue and costs, which are just a pass through.

Logistics expenses increased from SAR38.8m in 2021G to SAR51.1m during 2022G primarily due to the Russia and Ukraine conflict which increased prices across the entire logistics industry in the region.

In 2023G, logistics expenses increased further to SAR61.0m driven by an increase in the volume of quantities sold and further elevated prices for logistics services in the Middle East region as a result of the political situation in the region.

4-5-1-4 General and administrative expenses

The following table presents the general and administrative ("**G&A**") expenses for the Company for the financial years ending in December 2021G, 2022G and 2023G.

General and administrative expenses

SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Salaries and staff related benefits	21.7	19.9	22.1	(8.2%)	10.8%	0.8%
Contracted services	55.3	113.0	104.3	104.4%	(7.7%)	37.4%
Overheads and other consumables	10.0	11.6	41.7	16.1%	259.7%	104.3%
Depreciation of property, plant and equipment	43.6	43.6	40.3	-	(7.6%)	(3.9%)
Depreciation of right-of-use assets	9.6	8.3	10.1	(13.7%)	21.5%	2.4%
Amortization of intangible assets	-	1.7	5.9	n/a	250.0%	n/a
Total	**140.1**	**198.0**	**224.3**	**41.3%**	**13.3%**	**26.5%**
As % of sales						
Salaries and staff related benefits	0.4%	0.2%	0.3%	(45.2%)	56.2%	(7.4%)
Contracted services	0.9%	1.1%	1.4%	22.1%	30.2%	26.1%
Overheads and other consumables	0.2%	0.1%	0.6%	(30.7%)	407.2%	87.5%

Source: MWSPC Financial Statements and Company Information

G&A expenses primarily comprised contracted services (accounted for 46% of total G&A expenses in 2023G), overheads and other consumables (accounted for 19% of total G&A expenses in 2023G) amongst others.

General and administrative expenses increased by 41.3% from SAR 140.1 million in 2021 to SAR 198.0 million in 2022. Support costs incurred following the implementation of the new operating model increased by 104.4% from SAR 55.3 million in 2021 to SAR 113.0 million in 2022 as a result of the Company incurring consulting expenses to support the plans for the extraction and phosphoric acid plants.

G&A expenses increased further by 13.3% to SAR224.3m in 2023G resulting primarily from a lease assets accrual adjustment included within overhead and other consumables as well as the shared service costs whose full year impact came in 2023G.

In both 2022G and 2023G, all other components of G&A expenses remained relatively stable.

Items below operating profit

4-5-1-5 Income from time deposits

Income from time deposits increased materially from SAR0.7m in 2021G to SAR66.1m in 2022G, and further to SAR162.4m in 2023G as the Company had excess cash which was generated during 2022G which was invested in time deposits to earn interest. Investments in time deposits increased from nil at 31 December 2021G to SAR2,550.5m at 31 December 2022G and subsequently reduced to SAR633.9m at 31 December 2023G.

4-5-1-6 Finance costs

The following table presents the finance costs of MWSPC for the financial years ended in December 2021G, 2022G and 2023G.

Finance costs

SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Public Pension Agency	114.2	201.3	388.3	76.3%	92.9%	84.4%
Riyad bank – Murabaha	141.6	224.2	402.5	58.3%	79.5%	68.6%
Riyad bank – Wakala	39.5	62.6	112.3	58.3%	79.5%	68.6%
Saudi Industrial Development Fund	83.0	69.0	60.5	(16.9%)	(12.2%)	(14.6%)
Sub-total	**378.4**	**557.1**	**963.7**	**47.2%**	**73.0%**	**59.6%**
Amortization of transaction cost	67.1	38.7	38.0	(42.4%)	(1.8%)	(24.8%)
Accretion of provision for mine decommissioning obligations	3.8	4.5	3.1	16.0%	(29.9%)	(9.8%)
Accretion of provision for plant dismantling obligations	-	-	3.8	n/a	n/a	n/a
Interest cost under lease liabilities	1.0	0.7	1.0	(34.2%)	40.7%	(3.8%)
Interest cost on employees' end of service termination benefit obligation	1.7	1.9	4.2	16.3%	115.9%	58.4%
Total	**452.0**	**602.9**	**1,013.7**	**33.4%**	**68.1%**	**49.8%**
Less: Borrowing costs capitalized as part of qualifying assets in CWIP during the year	(11.5)	(16.5)	(17.9)	43.4%	8.8%	(24.9%)
Total	**440.5**	**586.4**	**995.8**	**33.1%**	**69.8%**	**50.3%**

Source: MWSPC Financial Statements and Company Information

Long-term borrowings decreased by 6.3% from SAR17,849.1m at 31 December 2021G to SAR16,724.3m at 31 December 2022G. This was due to scheduled repayments and a prepayment on a principal loan balance on 30 June 2022. Long-term borrowings decreased further by 21.1% from SAR16,724.3m at 31 December 2022G to SAR13,190.2m at 31 December 2023G. This was driven by voluntary prepayments on 30 June 2023G on principal loan balances. Despite this, finance costs increased by 33.1% from SAR440.5m in 2021G to SAR586.4m in 2022G, and further by 69.8% to SAR995.8m in 2023G primarily due to the increase in the SIBOR base rate in KSA. The SIBOR base rate was as low as 0.8% in 2021G before increasing significantly throughout 2022G, reaching a peak of 5.58% in November 2022G and further increasing to 6.32% in 2023G.

The majority of the Company's loans are based on the SIBOR rate plus a margin.

4-5-1-7 Other expenses

These are miscellaneous other expenses with immaterial amounts these expenses consist mainly of community development provision, bank fees, and exchange rate differential.

Zakat

The following table presents the adjusted income / (loss) calculation for zakat and tax provision of the Company for the financial years ended in December 2021G, 2022G and 2023G.

Adjusted income calculation for zakat and tax provision

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Accounting income for the year	1,015.5	3,784.8	1,292.1	272.7%	(65.9%)	12.8%
Add/less: Disallowable expenses						
Depreciation per accounting rates	1,281.2	1,302.5	1,347.7	1.7%	3.5%	2.6%
Depreciation under right of use assets	26.0	17.5	20.0	(32.5%)	14.3%	(12.2%)
Write-off of fixed assets	275.8	0.7	8.9	(99.7%)	1,101.7%	(82.0%)
Provision for employees' end of service termination benefits	10.3	11.6	16.5	13.3%	42.1%	26.9%
Provision for savings plan	0.9	4.5	5.2	390.2%	14.1%	136.5%
Provision for decommissioning	3.8	2.9	6.9	(24.7%)	138.4%	33.9%
Provision for community development program	14.9	43.3	12.9	191.6%	(70.2%)	(6.8%)
Provision for research and development program	14.9	43.3	12.9	191.6%	(70.2%)	(6.8%)
Provision for severance fee	18.1	-	-	(100.0%)	n/a	n/a
Interest cost under lease liabilities	1.0	0.7	1.0	(34.2%)	40.7%	(3.8%)
Interest charges in excess of the allowable limit	231.3	-	109.1	(100.0%)	n/a	(31.3%)
Others	-	-	1.8	n/a	n/a	n/a
Sub-total	**1,878.2**	**1,427.2**	**1,542.9**	**(24.0%)**	**8.1%**	**(9.4%)**
Less: Claims						
Payments of employees' end of service termination benefits charged against provision	(4.0)	(4.3)	(19.0)	8.6%	341.7%	(119.0%)
Payment of savings plan provision	(0.4)	(1.8)	(0.9)	305.2%	(47.2%)	(46.3%)
Depreciation per ZATCA rates	(2,658.5)	(2,285.7)	(2,082.1)	(14.0%)	(8.9%)	11.5%
Repayment of lease liabilities net	(28.1)	(23.7)	(20.8)	(15.6%)	(12.3%)	14.0%
Sub-total	**(2,690.9)**	**(2,315.4)**	**(2,122.8)**	**(14.0%)**	**(8.3%)**	**11.2%**
Adjusted income / (loss) for tax calculations	**202.7**	**2,896.5**	**712.2**	**1,329.1%**	**(75.4%)**	**87.5%**
Add/less adjustment for tax calculation:						
Depreciation differential between IFRS and ZATCA rates (net of write-off)	1,101.5	982.4	734.5	(10.8%)	(25.2%)	(18.3%)
Interest charges in excess of the allowable limit	(231.3)	-	(109.1)	(100.0%)	n/a	31.3%
Payments of employees' end of service termination benefits charged against provision	4.4	6.1	19.9	38.3%	227.5%	112.8%
Asset written-off	-	-	(8.9)	n/a	n/a	n/a
Adjusted income for zakat calculations	**1,077.2**	**3,885.0**	**1,348.6**	**260.6%**	**(65.3%)**	**11.9%**
Allocation of adjusted income:						
Saudi Arabian shareholder (75%)	807.9	2,913.8	1,011.4	260.6%	(65.3%)	11.9%
Foreign shareholder (25%)	50.7	724.1	178	260.6%	(65.3%)	11.9%

Source: MWSPC Financial Statements and Company Information

The following table presents the components of Zakat expense of the Company for the financial years ended in December 2021G, 2022G and 2023G.

Components of zakat base

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Shareholders' equity, 1 January	4,711.3	5,435.7	7,874.4	15.4%	44.9%	29.3%
Provisions at the beginning of the year	157.5	199.1	206.6	26.4%	3.8%	14.5%
Long-term borrowings, net of cash	13,836.6	13,030.3	10,337.0	(5.8%)	(20.7%)	(13.6%)
Lease (assets) / liabilities net	(0.3)	3.9	(0.3)	(1,496.5%)	(107.0%)	1.5%
Other non-current liability	57.2	107.6	135.1	88.1%	25.5%	53.6%
Retention payable	351.6	363.8	313.9	3.5%	(13.7%)	(5.5%)
Project, trade and other payable	434.0	446.2	423.0	2.8%	(5.2%)	(1.3%)
Other payables stayed with Company for more than 354 days	-	-	61.8	n/a	n/a	n/a
Others Increase in provision for decommissioning, site rehabilitation & dismantling	-	(53.6)	217.3	n/a	(505.1%)	n/a
Sub-total	**19,547.9**	**19,532.9**	**19,568.8**	**(0.1%)**	**0.2%**	**0.1%**
Mine properties	(2,240.6)	(2,438.4)	(2,407.2)	8.8%	(1.3%)	(3.7%)
Property, plant and equipment	(14,808.2)	(14,655.1)	(14,379.3)	(1.0%)	(1.9%)	1.5%
Capital work-in-progress	(1,370.2)	(682.4)	(668.2)	(50.2%)	(2.1%)	30.2%
Employee loans	(17.3)	(13.1)	(12.5)	(24.2%)	(4.2%)	14.8%
Spare parts	(503.6)	(591.4)	(764.8)	17.4%	29.3%	(23.2%)
Stockpile ore	-	(27.1)	(26.2)	n/a	(3.3%)	n/a
Zakat base for the year	**608.0**	**1,125.5**	**1,310.5**	**85.1%**	**16.4%**	**46.8%**
Net Zakat base proportioned for the year	608.0	1,125.5	1,310.5	85.1%	16.4%	46.8%
Zakat due at 2.5776835% on Zakat base for the year	**15.7**	**29.0**	**33.8**	**85.1%**	**16.4%**	**46.8%**
Zakat Calculation based on adjusted net income:						
Adjusted net income for the year	807.9	2,913.8	1,011.4	260.6%	(65.3%)	11.9%
Zakat rate applicable to the Company	2.5	2.5	2.5	-	-	-
Zakat due at 2.5% on adjusted income for the year	20.2	72.8	25.3	260.6%	(65.3%)	11.9%
Zakat provision on zakat base and adjusted net income	**35.9**	**101.9**	**59.1**	**184.0%**	**(42.0%)**	**28.3%**

Source: MWSPC Financial Statements and Company Information

The Zakat provision for the year is based on the zakat base of the Parent Company (Ma'aden) and its wholly owned Saudi subsidiaries, and incorporating the individual zakat base of other Saudi subsidiaries which are not wholly owned. The zakat expense in each year is calculated based on (i) the zakat base at 2.5776835% and (ii) adjusted net income at 2.5%.

Significant components of Ma'aden's zakat base include shareholders' equity at the beginning of the year, long-term borrowings and adjusted net profit or loss, less deductions for the net book value of property, plant and equipment and mine properties and certain other items.

he following table presents the zakat provision and the payments made in respect of zakat by the Company for the financial years ended in December 2021G, 2022G and 2023G.

Zakat provision

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Zakat provision on zakat base and adjusted net income	35.9	101.9	59.1	184.0%	(42.0%)	28.3%
Add: Under provision of zakat based on the submitted annual declaration to ZATCA for the prior year	-	-	1.9	n/a	n/a	n/a
Add: Additional liabilities for prior years assessment recorded in current year	-	14.2	14.9	n/a	4.8%	n/a
Zakat expense during the year	**35.9**	**116.1**	**75.9**	**223.5%**	**(34.6%)**	**45.4%**

Source: MWSPC Financial Statements and Company Information

The zakat expense increased by 223.5% from SAR35.9m in 2021G to SAR116.1m in 2022G driven by the material increase in net profits, and subsequently decreased by 34.6% to SAR75.9m in 2023G as profits reduced to a more normal level.

4-5-1-8 Income tax

The following table presents the income tax provision for the Company for the financial years ended in December 2021G, 2022G and 2023G.

Income tax provision

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Adjusted income for tax calculations	202.7	2,896.5	712.2	1,329.1%	(75.4%)	87.5%
Foreign shareholders' 25% proportionate share	25.0%	25.0%	25.0%	-	-	-
Foreign shareholders' 25% proportionate share of the year income tax	**50.7**	**724.1**	**178.0**	**1,329.1%**	**(75.4%)**	**87.5%**
Less: Brought forward losses – claimed to the extent of 25% adjusted profit	(12.7)	(181.0)	(44.5)	1,329.1%	(75.4%)	(87.5%)
Taxable income on foreign shareholder	**38.0**	**543.1**	**133.5**	**1,329.1%**	**(75.4%)**	**87.5%**
Income tax rate applicable to the Company	20.0%	20.0%	20.0%	-	-	-
Income tax provision for the year	**7.6**	**108.6**	**26.7**	**1,329.1%**	**(75.4%)**	**87.5%**

Source: MWSPC Financial Statements and Company Information

The income tax provision is provided for in accordance with the laws set by the fiscal authorities for companies in Saudi Arabia which have foreign shareholders.

Income tax is payable at the rate of 20% by the foreign shareholder on their proportionate share of the Company's estimated taxable income. The income tax expense for the 2021G to 2023G periods relates to Mosaic's share of the Company's taxable income. Post transaction, once Ma'aden has acquired Mosaic's 25% share, this income tax expense will no longer apply, however there will be additional zakat costs to be considered.

Similar to the movements in zakat, the income tax expense increased by 1,329.1% from SAR7.6m in 2021G to SAR108.6m in 2022G, and subsequently decreased by 75.4% to SAR26.7m in 2023G primarily driven by fluctuations in adjusted net profit.

4-5-1-9 Severance fees

The following table presents the severance fee expense for the Company for the financial years ended in December 2021G, 2022G and 2023G.

Deferred severance liabilities

SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Deferred severance assets credited to income statement	-	-	33.9	n/a	n/a	n/a
Deferred severance liabilities debited to income statement	-	-	(181.7)	n/a	n/a	n/a
Severance fees for the year	**-**	**-**	**(147.8)**	**n/a**	**n/a**	**n/a**

Source: MWSPC Financial Statements

A material balance of net deferred severance fee liabilities was recognized in 2023G driven by differences between the carrying value of mine properties (excluding capital work-in-progress) based on IFRS of SAR3,209.6m and the carrying value of the mine properties based on the Zakat, Tax and Customs Authority's ("**ZATCA**") regulations of SAR1,825.0m.

The net taxable temporary difference of SAR 1,384.6m based on the Saudi shareholders' 75% proportionate share and income tax rate of 17.50% (net of Zakat rate of 2.50%) resulted in a deferred severance liability of SAR181.7m. Please see the following table for the calculation of these deferred severance liabilities.

Deferred severance liabilities

SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
CV of mine properties as per IFRS	-	-	(3,210)	n/a	n/a	n/a
CV of mine properties as per ZATCA	-	-	1,825	n/a	n/a	n/a
Difference	**-**	**-**	**(1,385)**	**n/a**	**n/a**	**n/a**
Share of KSA shareholders (75%)	-	-	0.75	n/a	n/a	n/a
Taxable share	**-**	**-**	**(1,038)**	**n/a**	**n/a**	**n/a**
Income tax rate	-	-	0.175	n/a	n/a	n/a
31 Dec	**-**	**-**	**(181.7)**	**n/a**	**n/a**	**n/a**

Source: MWSPC Financial Statements and Company Information

The deferred severance asset (which is based on the 75% Saudi shareholders' proportionate share) has arisen because of the difference between the accounting values and tax base values of the following items:

- the operating losses relating to the mining activities which are carried forward in each year are in excess of the tax deductions allowed against gross income for the year which can be carried forward to be offset against taxable income in the future years;
- the value of the provision for decommissioning, site rehabilitation and dismantling obligations; and
- the value of the employees' end of service benefits obligations.

Please see table below for the calculation of deferred severance assets in 2023G.

Deferred severance assets

SARm	Tax losses	Provision for site rehabilitation & dismantling	Employees benefits	Total
12/31/2022	-	-	-	-
Credited to profit or loss for the year	26.1	4.2	3.6	33.9
12/31/2023	**26.1**	**4.2**	**3.6**	**33.9**

Source: MWSPC Financial Statements

4-5-1-10 Income / (loss) attributable to the re-measurements of employees' end of service termination benefits obligation

The following table presents the income / (loss) attributable to the re-measurement of employees' end of service termination benefit obligations of the Company for the financial years ended in December 2021G, 2022G and 2023G.

Re-measurements of employees' end of service termination benefits obligation

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
1 January	64.4	72.6	83.3	12.6%	14.8%	13.7%
Current service cost	10.4	9.7	12.3	(6.9%)	27.4%	8.9%
Interest expense	1.7	1.9	4.2	16.3%	115.9%	58.4%
Total amount recognised in profit or loss	**12.1**	**11.6**	**16.5**	**(3.7%)**	**42.1%**	**17.0%**
Loss from change in financial assumptions	-	-	-	n/a	n/a	n/a
Experience (gain) / losses	1.8	3.4	(4.3)	84.5%	(227.1%)	n/a
Loss attributable to the re-measurements recognised in other comprehensive income	**1.8**	**3.4**	**(4.3)**	**84.5%**	**(227.1%)**	**n/a**
Settlements	(4.0)	(4.7)	(1.2)	18.3%	(73.4%)	43.9%
Transfer to a fellow subsidiary	(1.8)	0.4	(17.7)	(121.2%)	(4,711.5%)	(212.5%)
Total	**72.6**	**83.3**	**76.5**	**14.8%**	**(8.1%)**	**2.7%**

Source: MWSPC Financial Statements and Company Information

The Company operates a defined benefit plan in line with the Labour Law requirement in the Kingdom of Saudi Arabia. The end of service benefit payments under the plan are based on the employees' final salaries and allowances, and their cumulative years of service at the date of their termination of employment, as defined by the conditions stated in the Labour Laws.

Employees' end of service termination benefit plans are unfunded plans, and the benefit payment obligations are met when the employee's service is terminated.

The Company pays the benefit as a lump sum amount upon retirement of the employees. There are no additional benefits for death in service of an employee except the insurance amount which is paid by the insurance company. No cap or limit on these retirement benefits are applied as per the Company's policy.

4-5-2 Statement of Financial Position

The following table presents the financial position statement of the Company for financial year ended in December 2021G, 2022G and 2023G.

Statement of financial position

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Mine properties	3,093.3	3,284.9	3,230.5	6.2%	(1.7%)	2.2%
Property plant & equipment	19,744.3	19,522.8	19,125.7	(1.1%)	(2.0%)	(1.6%)
Right-of-use assets	29.8	34.6	31.2	16.2%	(9.9%)	2.3%
Capital work-in-progress	1,721.1	882.4	870.1	(48.7%)	(1.4%)	(28.9%)
Intangible assets	-	17.3	46.6	n/a	170.1%	n/a
Deferred tax and severance assets	417.9	384.7	407.8	(7.9%)	6.0%	(1.2%)
Other non-current assets	23.0	17.4	16.7	(24.2%)	(4.2%)	(14.8%)
Total non-current assets	**25,029.4**	**24,144.1**	**23,728.6**	**(3.5%)**	**(1.7%)**	**(2.6%)**
Current portion of long-term employees' homeowner's receivable	10.6	10.6	10.9	-	2.3%	1.2%
Due from shareholder	141.0	282.9	44.0	100.6%	(84.4%)	(44.1%)
Due from fellow subsidiaries	66.2	147.5	54.7	122.8%	(62.9%)	(9.1%)
Advances and prepayments	1.1	56.8	0.5	4,881.5%	(99.1%)	(34.3%)
Inventories	1,243.9	1,250.5	1,649.7	0.5%	31.9%	15.2%
Trade and other receivables	1,082.5	1,859.5	1,991.7	71.8%	7.1%	35.6%
Time deposits	-	2,550.5	633.9	n/a	(75.1%)	n/a
Cash and bank	1,299.6	1,274.0	1,199.7	(2.0%)	(5.8%)	(3.9%)
Total current assets	**3,845.0**	**7,432.3**	**5,585.2**	**93.3%**	**(24.9%)**	**20.5%**
Total assets	**28,874.4**	**31,576.4**	**29,313.8**	**9.4%**	**(7.2%)**	**0.8%**
Share capital	7,942.5	7,942.5	7,942.5	-	-	-
Statutory reserve (transfer of net income)	35.8	144.6	184.5	304.3%	27.7%	127.2%
Retained earnings	(756.9)	2,607.9	3,192.3	(444.6%)	22.4%	n/a
Total shareholders equity	**7,221.4**	**10,694.9**	**11,319.3**	**48.1%**	**5.8%**	**25.2%**
Long-term borrowings	17,849.1	16,724.3	13,190.2	(6.3%)	(21.1%)	(14.0%)
Provision for decommissioning, site rehabilitation and plant dismantling obligations	129.3	62.3	358.9	(51.9%)	476.4%	66.6%
Non-current portion of lease liabilities	12.0	16.4	16.0	36.4%	(2.4%)	15.4%
Other non-current liabilities	67.0	143.5	180.1	114.0%	25.5%	63.9%
Employees' benefits	81.1	94.6	92.0	16.6%	(2.7%)	6.5%
Deferred tax and severance liabilities	444.5	494.5	712.1	11.2%	44.0%	26.6%
Total non-current liabilities	**18,583.1**	**17,535.4**	**14,549.3**	**(5.6%)**	**(17.0%)**	**(11.5%)**
Projects, trade and other payables	801.8	861.8	1,038.3	7.5%	20.5%	13.8%

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Accrued expenses	940.0	793.9	1,120.6	(15.5%)	41.2%	9.2%
Zakat and income tax payable	43.5	219.4	114.9	404.6%	(47.6%)	62.5%
Severance fee payable	18.1	8.0	4.6	(55.8%)	(42.9%)	(49.7%)
Due to shareholders	77.4	146.5	86.7	89.4%	(40.9%)	5.8%
Due to fellow subsidiaries	94.9	154.7	43.8	62.9%	(71.7%)	(32.1%)
Current portion of long-term borrowings	608.0	658.8	602.9	8.4%	(8.5%)	(0.4%)
Current portion of lease liabilities	17.4	17.8	15.0	2.6%	(16.0%)	(7.2%)
Current portion of other non-current liabilities	468.8	485.1	418.5	3.5%	(13.7%)	(5.5%)
Total current liabilities	**3,069.9**	**3,346.0**	**3,445.1**	**9.0%**	**3.0%**	**5.9%**
Total liabilities	**21,653.0**	**20,881.5**	**17,994.4**	**(3.6%)**	**(13.8%)**	**(8.8%)**
Total shareholders equity and liabilities	**28,874.4**	**31,576.4**	**29,313.8**	**9.4%**	**(7.2%)**	**0.8%**

Source: MWSPC Financial Statements and Company Information

Statement of financial position metrics

SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Debt to equity ratio (1)	300%	195%	159%	(34.9%)	(18.6%)	(27.2%)
Return on assets (2)	3%	11%	3%	246.5%	(69.0%)	3.6%
Return on equity (3)	13%	32%	9%	155.9%	(72.8%)	(16.6%)
Current ratio (4)	125%	222%	162%	77.3%	(27.0%)	13.8%
Net cash from operating activities over rev. (5)	42%	40%	34%	(4.8%)	(15.7%)	(10.4%)

Source: Company Information

(1) Debt to equity ratio is defined as the total liabilities at the end of the year/period divided by total equity.

(2) Return on Assets is calculated as follows: Net profit for the year / Total assets at the end of the year.

(3) Return on Equity is calculated as follows: Net profit for the year / Total equity at the end of the year.

(4) Current Ratio is calculated as follows: Total Current Assets / Total Current Liabilities

(5) Net cash from operating activities over sales is calculated as follows: Net cash flows used in operating activities/sales.

Current assets

Current assets increased by 93.3% from SAR3,845.0m at 31 December 2021G to SAR7,432.3m at 31 December 2022G primarily driven by time deposits of SAR2,550.5m at 31 December 2022G (nil at 31 December 2021G) attributed to material excess profits generated in 2022G derived from the increased market prices. The high market prices also affected higher trade and other receivables (up by SAR777.0m, or 71.8%).

Current assets decreased by 24.9% from SAR7,432.3m at 31 December 2022G to SAR5,585.2m at 31 December 2023G mainly due to a reduction in the value of time deposits attributable to voluntary repayments of long-term borrowings in addition to scheduled instalments. This was partially offset by higher inventories (which increased by SAR399.2m in 2023G, or 32.1%) driven by an increase in spare parts and consumable materials as the Company changed the maintenance requirements for the plants that began operations in 2019G.

Non-current liabilities

Non-current liabilities declined by 5.6% from SAR18,583.1m at 31 December 2021G to SAR17,535.4m at 31 December 2022G. This decrease was primarily due to the repayment of long-term borrowings totaling SAR1,113.7m.

Non-current liabilities decreased further by 17.0% from SAR17,535.4m at 31 December 2022G to SAR14,549.3m at 31 December 2023G. This was mainly attributable to voluntary repayments of long-term borrowings in addition to scheduled instalments, aggregating to a net repayment of SAR3,629.0m. This strategic decision was made by the Company based on the significant profits and cash generated in 2022G.

Current liabilities

Current liabilities increased by 9.0% from SAR3,069.9m at 31 December 2021G to SAR 3,346.0m at 31 December 2022G. This was primarily due to higher zakat and income tax payables (which increased by SAR175.9m, or 404.6%) and increased balances due to shareholders and fellow subsidiaries (which increased by SAR128.9m, or 74.8%), all driven by the increased profits resulting from higher prices in 2022G.

Current liabilities increased further by 3.0% from SAR3,346.0m at 31 December 2022G to SAR3,445.1m at 31 December 2023G. This was due to higher project, trade and other payables (up by SAR176.5m, or 20%) and accrued expenses (up by SAR326.7m, or 41%). Increase in project payables at 31 December 2023G pertained to a swap transaction with MPC of SAR140m and increase in accrued expenses at 31 December 2023G pertained to delay in receipt of invoices from various government contractors, from Saudi Railways for transportation and for transmission costs.

4-5-2-1 Non-current assets

Non-current assets declined by 3.5% from SAR25,029.4m at 31 December 2021G to SAR24,144.1m at 31 December 2022G mainly driven by depreciation of SAR(1,323.0)m offset by capital work-in-progress additions of SAR494.1m. CWIP at 31 December 2022G included replacement of redundant machinery at SOP plant, remediation costs at beneficiation plant and few capital spares.

Non-current assets further declined by 1.7% from SAR24,144.1m at 31 December 2022G to SAR23,728.6m at 31 December 2023G attributed to depreciation of SAR(1,367.7)m, offset by CWIP additions of SAR612.8m. CWIP at 31 December 2023G included gypsum disposal extension, tailing facility and other smaller ongoing capex.

Non-current assets declined by 3.5% from SAR25,029.4m at 31 December 2021G to SAR24,144.1m at 31 December 2022G. This reduction was primarily due to depreciation of SAR(1,323.0)m offset by capital work-in-progress ("**CWIP**") additions of SAR494.1m. CWIP at 31 December 2022G included replacement of redundant machinery at SOP plant, remediation costs at beneficiation plant and few capital spares.

Non-current assets further declined by 1.7% from SAR24,144.1m at 31 December 2022G to SAR23,728.6m at 31 December 2023G. This decrease was mainly due to depreciation of SAR(1,367.7)m, offset by CWIP additions of SAR612.8m. CWIP at 31 December 2023G included gypsum disposal extension, tailing facility and other smaller ongoing capex. Additionally, there was plant site rehab and dismantling additions amounting to SAR202.8m and mine plant dismantling addition of SAR31.4m during 31 December 2023G, in line with the new Environmental law announed in 2021 and implemented in 2023.

Non-current assets

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Mine properties	3,093.3	3,284.9	3,230.5	6.2%	(1.7%)	2.2%
Property plant & equipment	19,744.3	19,522.8	19,125.7	(1.1%)	(2.0%)	(1.6%)
Right-of-use assets	29.8	34.6	31.2	16.2%	(9.9%)	2.3%
Capital work-in-progress	1,721.1	882.4	870.1	(48.7%)	(1.4%)	(28.9%)
Intangible assets	-	17.3	46.6	n/a	170.1%	n/a
Deferred tax and severance assets	417.9	384.7	407.8	(7.9%)	6.0%	(1.2%)
Other non-current assets	23.0	17.4	16.7	(24.2%)	(4.2%)	(14.8%)
Total non-current assets	**25,029.4**	**24,144.1**	**23,728.6**	**(3.5%)**	**(1.7%)**	**(2.6%)**

Source: MWSPC Financial Statements and Company Information

4-5-2-1-1 Mine properties

The following table presents the Company's net book value of mine properties for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Mine properties

SARm	Land and buildings	Plant and equipment	Mine closure (1)	Mine plant dismantling	Stripping activity asset	Mine CWIP	Total
Cost							
1 Jan 2022	1,563.9	1,738.5	104.9	-	56.5	105.8	3,569.6
Adjustments during the year	-	-	(71.5)	-	-	-	(71.5)
Additions for the year	-	-	-	-	-	10.4	10.4
Transfer from mine properties CWIP	-	82.5	-	-	-	(82.5)	-
Transfer from CWIP	-	407.2	-	-	-	-	407.2
31 Dec 2022	**1,563.9**	**2,228.2**	**33.4**	**-**	**56.5**	**33.7**	**3,915.7**
Adjustments during the year	-	-	55.5	-	-	-	55.5
Additions for the year	-	-	-	31.4	-	19.6	51.0
Transfer from mine properties CWIP	-	32.4	-	-	-	(32.4)	-
Transfer from CWIP	4.7	29.5	-	-	-	-	34.2
31 Dec 2023	**1,568.6**	**2,290.1**	**88.9**	**31.4**	**56.5**	**20.8**	**4,056.4**
Accumulated depreciation							
1 Jan 2022	(197.6)	(266.7)	(7.3)	-	(4.6)	-	(476.2)
Charge for the year	(63.2)	(87.7)	(2.1)	-	(1.6)	-	(154.5)
31 Dec 2022	**(260.8)**	**(354.4)**	**(9.4)**	**-**	**(6.1)**	**-**	**(630.7)**
Charge for the year	(56.3)	(135.8)	(1.0)	(0.2)	(1.9)	-	(195.2)
31 Dec 2023	**(317.1)**	**(490.1)**	**(10.4)**	**(0.2)**	**(8.1)**	**-**	**(825.9)**
Net book value							
31 Dec 2021	1,366.3	1,471.8	97.6	-	51.9	105.8	3,093.3
31 Dec 2022	1,303.1	1,873.8	23.9	-	50.3	33.7	3,284.9
31 Dec 2023	1,251.5	1,800.0	78.5	31.2	48.4	20.8	3,230.5

Note (1): Mine closure and rehabilitation provision

Source: MWSPC Financial Statements

Mine properties had a net book value of SAR3,230.5m at 31 December 2023G. This mainly relates to land and buildings of SAR1,251.5m and plant and equipment of SAR1,800.0m at 31 December 2023G. The assets primarily comprise the Al Khabra mine and the beneficiation plant located in Umm Wu'al.

The net book value of these mine properties increased by 6.2% from SAR3,093.3m at 31 December 2021G to SAR3,284.9m at 31 December 2022G. This increase was primarily due to the transfer of SAR407.2m of assets from CWIP to mine properties at 31 December 2022G. These transfers primarily included replacement of redundant assets at the beneficiation plant which were causing performance issues. This increase was partially offset by the write-off SAR133.2m for the redundant assets and the depreciation for the year.

The net book value decreased by 1.7% from SAR3,284.9m at 31 December 2022G to SAR3,230.5m at 31 December 2023G. This reduction was primarily attributable to this year's depreciation, offset by additions of SAR51.0m. This included mine plant dismantling additions of SAR31.4m, the valuation of which was based on an independent valuation report of all assets installed at MWSPC, which assessed new replacement value, useful life, and residual value, including disposal costs. This valuation report was necessary to comply with the Environmental Law 2021, as well as the requirements of IFRS and IAS 16. This resulted in a lower net book value due to extending the asset useful life and reduced yearly depreciation.

Mine properties depreciation charge

SARm	2021G	2022G	2023G
Allocation of depreciation charge during the year to:			
Cost of sales	162.1	154.5	195.2

Source: MWSPC Financial Statements

During the Historical Period, depreciation for mine properties is allocated to the cost of sales in accordance with the function of expense method.

Mine closure and rehabilitation provision

Mine closure and rehabilitation provisions include the following restoration activities:

- dismantling and removing structures;
- rehabilitating mines and tailing dams;
- dismantling operating facilities;
- closing plant and waste sites; and
- restoring, reclaiming and re-vegetating affected areas.

The obligation generally arises when the asset is installed, or the ground is physically disturbed at the mining operations location. When the liability is initially recognized, the present value of the estimated future cost is capitalized by increasing the carrying amount of the related mining assets.

Producing mine

Upon completion of the "Mine under construction" phase and the declaration of commercial production, the assets are transferred to "Mine properties". Items of mine properties are stated at cost, less accumulated depreciation and impairment losses. The initial cost of an asset comprises of its purchases price, construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and, for qualifying assets (where relevant), borrowing costs.

The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalized value of a finance lease is also included in property, plant and equipment.

Stripping activity asset

As part of its open pit mining operations, the Company incurs stripping (waste removal) costs both during the development phase and the production phase of its open pit mining operations.

Stripping costs incurred in the development phase of the mine, before the production phase commences (development stripping), are capitalized as part of the cost of constructing the mine and subsequently amortized over the life of the mine using a UOP method. The capitalization of developing stripping costs ceases when the mine is commissioned and ready for use as intended by management.

Stripping activities undertaken during the production phase of a surface mine (production stripping) is generally considered to create two benefits:

- The production of inventory or
- Improved access to a component of the ore body to be mined in the future.

Where the benefits are realized in the form of inventory produced during the year, the production stripping costs are accounted for as part of the cost of producing those inventories.

Where the benefits are realized in the form of improved access the ore body to be mined in the future, the costs are recognized as a non-current asset, referred to as a "stripping activity asset".

Stripping activities that give rise to improved access to a component of the ore body to be mined in the future (developed stripping) is accounted for as an asset category of the mine asset, and is presented as part of "Mine properties" in the statement of financial position. This forms part of the total investment in the relevant cash generating unit(s), which is reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

The stripping activity asset is subsequently depreciated using the UOP method over the life of the identified component of the ore body that became more accessible as a result of the stripping activity. Economically recoverable reserves, which comprise proven and probable reserves, are used to determine the expected useful life of the identified component of the ore body. The stripping activity asset is then carried at cost less depreciation and any impairment losses.

Mining capital work-in-progress

It is normal industry practice for producing mines to embark on major capital expenditure projects to enhance or improve the existing flow sheet and are accounted for as "Capital work-in-progress" until its completion for intended use, when it is transferred at cost to a particular asset category of the producing mine and put into use, from which point onwards it is being depreciated.

Mine closure and rehabilitation provision, producing mines and stripping activity asset

The asset carrying value of mine closure and rehabilitation provision, will only be depreciated once commercial production has been declared, it is however tested for impairment on an annual basis as and when impairment indicators have been identified.

Mining capital work-in-progress

Mining capital work-in-progress is not depreciated until the construction is completed and the assets are available for their intended use. Mining capital work-in-progress are tested for impairment annually and when impairment indicators have been identified.

Mine properties pledged as security

As at 31 December 2023G, mine properties with a net book value of SAR3,230.5m (December 2022G: SAR3,284.9m and December 2021G: SAR3,093.3m) have been pledged as security to the third party lenders under the Common Terms Financing Agreement i.e. Riyadh Bank, GOSI General Insurance and Saudi Industrial Development fund.

4-5-2-1-2 Property, plant and equipment

The following table presents the Company's total net book value of property, plant and equipment for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Property, plant and equipment

SARm	Land and buildings	Plant and equipment	Plant site rehab and dismantling	Furniture and fixtures	Total
Cost					
1 Jan 2021	9,233.3	14,334.9	-	19.5	23,587.8
Additions for the year	-	71.1	-	-	71.1
Write-off for the year	-	(203.1)	-	-	(203.1)
31 Jan 2021	**9,233.3**	**14,202.9**	**-**	**19.5**	**23,455.8**
Disposal during the year	-	(0.7)	-	-	(0.7)
Transfer from capital work-in progress	77.2	848.3	-	-	925.5

SARm	Land and buildings	Plant and equipment	Plant site rehab and dismantling	Furniture and fixtures	Total
31 Dec 2022	**9,310.6**	**15,050.4**	**-**	**19.5**	**24,380.5**
Additions for the year	-	-	202.8	-	202.8
Retired during the year	-	(17.5)	-	-	(17.5)
Transfer from capital work-in progress	11.6	542.1	-	1.6	555.4
31 Dec 2023	**9,322.2**	**15,575.0**	**202.8**	**21.2**	**25,121.2**
Accumulated depreciation					
1 Jan 2021	(602.2)	(2,043.0)	-	(7.7)	(2,652.8)
Charge for the year	(281.5)	(833.9)	-	(3.7)	(1,119.1)
Write-off for the year	-	60.5	-	-	60.5
31 Dec 2021	**(883.7)**	**(2,816.4)**	**-**	**(11.3)**	**(3,711.4)**
Charge for the year	(283.0)	(859.6)	-	(3.7)	(1,146.3)
31 Dec 2022	**(1,166.7)**	**(3,676.0)**	**-**	**(15.0)**	**(4,857.7)**
Charge for the year	(277.2)	(864.3)	(1.4)	(3.4)	(1,146.3)
Retired during the year	-	8.6	-	-	8.6
31 Dec 2023	**(1,443.9)**	**(4,531.8)**	**(1.4)**	**(18.4)**	**(5,995.4)**
Net book value					
31 Dec 2021	8,349.7	11,386.5	-	8.2	19,744.3
31 Dec 2022	8,143.9	11,374.4	-	4.5	19,522.8
31 Dec 2023	7,878.3	11,043.3	201.4	2.7	19,125.7

Source: MWSPC Financial Statements

Property, plant and equipment ("**PPE**") had a net book value of SAR19,125.7m at 31 December 2023G mainly relating to land and buildings of SAR7,878.3m and plant and equipment of SAR11,043.3m at 31 December 2023G. These assets relate to the Sulphate of Potash Plant ("**SOP**"), Phosphoric Acid Plant ("**PAP**"), Sulfuric Acid Plant ("**SAP**"), power Generation and Utilities ("**PAU**"), Ammonia plant, Di-Ammonium phosphate ("**DAP**") plant and material storage and handling facilities.

The net book value of PPE decreased by 1.1% from SAR19,744.3m at 31 December 2021G to SAR19,522.8m at 31 December 2022G. This decrease was mainly due to depreciation of SAR(1,146.3m) offset by the transfer of assets from CWIP amounting to SAR925.5m at 31 December 2022G to property, plant and equipment, primarily attributable to redundant assets in the Sulfuric Acid plant that required complete replacement due to performance issues. This write-off for these replaced assets totaled SAR142.6m and was recognized in cost of sales during 2021G. No write-off recorded in FY22.

The net book value decreased further by 2.0% from SAR19,522.8m at 31 December 2022G to SAR19,125.7m at 31 December 2023G attributable to depreciation of SAR(1,146.3)m partly offset by the transfer from capital work-in-progress of SAR555.4m related to replacement of redundant assets in the beneficiation plant. In addition, there were plant site rehab and dismantling additions of SAR202.8m. The additions were based on a valuation report of all assets installed at MWSPC, which assessed new replacement value, useful life, and residual value, including disposal costs. This report was required for compliance with the Environmental Law 2021, as well as IFRS and IAS 16 standards, ultimately resulting in increased net book values driven by longer asset useful life and lower annual depreciation.

PPE depreciation charge

SARm	2021G	2022G	2023G
Allocation of depreciation charge during the year to:			
Cost of sales	1,075.5	1,102.7	1,106.0
General and administrative expenses	43.6	43.6	40.3
Total	**1,119.1**	**1,146.3**	**1,146.3**

Source: MWSPC Financial Statements

During the Historical Period, depreciation for property, plant and equipment is allocated between cost of sales and general and administrative expenses in accordance with the function of expense method.

Property, plant and equipment pledged as security

As at 31 December 2023G, PPE with a net book value of SAR19,125.7m (31 December 2022G: SAR19,522.8m and 31 December 2021G: SAR19,744.3m) was pledged as security to the lender under the Common Terms Financing Agreement.

4-5-2-1-3 Right-of-use assets

The following table displays the Company's net book value of right of use assets for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Right of use assets

SARm	Equipment	Vehicles	Total
Cost			
1 Jan 2021	51.0	25.9	76.9
Additions during the year	-	23.2	23.2
Retired during the year	(18.0)	(19.9)	(37.9)
31 Dec 2021	**33.0**	**29.2**	**62.2**
Additions during the year	10.5	14.8	25.3
Retired during the year	-	(2.9)	(2.9)
31 Dec 2022	**43.5**	**41.0**	**84.5**
Additions during the year	16.6	-	16.6
Retired during the year	(43.5)	-	(43.5)
31 Dec 2023	**16.6**	**41.0**	**57.6**
Accumulated depreciation			
1 Jan 2021	(25.1)	(19.0)	(44.1)
Charge during the year	(16.3)	(9.6)	(26.0)
Retired during the year	18.0	19.7	37.6
31 Jan 2021	**(23.5)**	**(8.9)**	**(32.4)**
Charge during the year	(12.2)	(8.3)	(20.4)

SARm	Equipment	Vehicles	Total
Retired during the year	-	2.9	2.9
31 Dec 2022	**(35.6)**	**(14.3)**	**(49.9)**
Charge during the year	(9.9)	(10.1)	(20.0)
Retired during the year	43.5	-	43.5
31 Dec 2023	**(2.1)**	**(24.4)**	**(26.4)**
Net book value			
31 Dec 2021	9.5	20.2	29.8
31 Dec 2022	7.9	26.7	34.6
31 Dec 2023	**14.5**	**16.7**	**31.2**

Source: MWSPC Financial Statements

Right-of-use assets had a net book value of SAR31.2m at 31 December 2023G mainly relating to equipment of SAR14.5m and vehicles of SAR16.7m at 31 December 2023G. These equipment and vehicles primarily comprised small trucks, cars, etc. taken on long term lease for Company's use.

Right of use assets depreciation charge

SARm	2021G	2022G	2023G
Allocation of depreciation charge during the year to:			
Cost of sales	16.3	12.2	9.9
General and administrative expenses	9.6	8.3	10.1
Total	**25.9**	**20.5**	**20.0**

Source: MWSPC Financial Statements

During the Historical Period, depreciation for right-of-use assets is allocated to the cost of sales and general and administrative expenses in accordance with the function of expense method.

Short-term leases

For short-term leases (a lease term of less than 12 months) and leases of low value assets (such as personal computers and office furniture), the Company has opted to recognize a lease expense on a straight-line basis as permitted by IFRS 16. Operating lease payments represent mainly rentals payable by the Company for IT equipment's.

Payments under operating leases, recognized as an expense throughout the Historical Period.

Operating leases, recognised as an expense during the year

SARm	2021G	2022G	2023G
Allocation of depreciation charge during the year to:			
Office equipment	5.2	8.9	4.4

Source: MWSPC Financial Statements

As at 31 December 2023G, the total cash outflow for finance leases amounted to SAR20.8m (31 December 2022G: SAR21,8m and 31 December 2021G: SAR29.1m).

4-5-2-1-4 Capital work-in-progress

The following table displays the Company's total net book value of capital work in progress for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Capital work in progress

SARm	Plant and equipment	Land and buildings	Capital shares	Admin offices and others	Total
Cost					
1 Jan 2022	985.2	140.6	361.3	234.0	1,721.1
Additions during the year	372.8	80.9	40.4	-	494.1
Reclass during the year	176.4	-	-	(176.4)	-
Transfer to mine properties during the year	(340.9)	-	(66.3)	-	(407.2)
Transfer to property, plant and equipment during the year	(683.5)	(77.2)	(164.8)	-	(925.5)
31-Dec-22	**509.9**	**144.3**	**170.6**	**57.6**	**882.4**
Reclass during the year	20.5	(20.5)	-	-	-
Additions during the year	375.6	43.5	139.6	54.0	612.8
Transfer to mine properties during the year	(29.5)	(4.7)	-	-	(34.2)
Transfer to property, plant and equipment during the year	(468.8)	(11.6)	(73.3)	(1.6)	(555.4)
Transfer to intangible assets during the year	-	-	-	(35.5)	(35.5)
31-Dec-23	**407.7**	**151.0**	**237.0**	**74.5**	**870.1**

Source: MWSPC Financial Statements

Capital work-in-progress ("**CWIP**") had a net book value of SAR870.1m at 31 December 2023G mainly relating to plant and equipment of SAR407.7m, land and buildings of SAR151.0m, capital shares of SAR237.0m and admin offices and others of SAR74.5m at 31 December 2023G. These assets are in the course of construction or development and are transferred to the appropriate category (depending on the nature of the assets), once it is capable of operating in the manner intended by the Company.

The net book value of CWIP decreased by 48.7% from SAR1,721.1m at 31 December 2021G to SAR882.4m at 31 December 2022G. This decrease was mainly due to the transfer to mine properties of SAR(407.2)m and transfer to property, plant and equipment of SAR(925.5)m, as explained in 1-5-2-1-1 mine properties and 1-5-2-1-2 property, plant and equipment. This is offset by additions of SAR494.4m incurred at the SOP plant as well as remediation costs at the beneficiation plant and few capital spares.

The net Book value decreased further by 1.4% from SAR882.4m at 31 December 2022G to SAR870.1m at 31 December 2023G attributable to transfer to mine properties, property, plant and equipment and intangible assets of total SAR(625.1)m, as explained in 1-5-2-1-1 mine properties, 1-5-2-1-2 property, plant and equipment and 1-5-2-1-5 intangible assets. This was offset by additions of SAR612.8m attributable to gypsum disposal extension, tailing facility and other smaller ongoing capex.

Borrowing costs attributable to qualifying assets

The Company has capitalized net borrowing cost attributable to qualifying assets as part of capital work-in-progress as presented in the following table:

Borrowing costs attributable to qualifying assets

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Gross borrowing cost incurred	452.0	602.9	1,013.7	33.4%	68.1%	49.8%
Expensed during year	(440.5)	(586.4)	(995.8)	33.1%	69.8%	(50.3%)
Net borrowing cost capitalized as part of qualifying assets in CWIP	**11.5**	**16.5**	**17.9**	**43.4%**	**8.8%**	**24.9%**

Source: MWSPC Financial Statements and Company Information

During 2023G, the capitalization rate of 6.77% (2022G: 3.10% and 2021G: 1.86%) has been used for the calculation of borrowing cost attributable to qualifying assets.

Other cost capitalized under capital work-in-progress

In addition to borrowing cost above, the Company has capitalized advances to contractors as part of capital work-in-progress as presented in the following table:

Borrowing costs attributable to qualifying assets

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Advances to contractors capitalized as part of capital work-in-progress during the year	38.6	28.1	19.5	(27.3%)	(30.6%)	(29.0%)

Source: MWSPC Financial Statements and Company Information

Capital work-in-progress pledged as security

As at 31 December 2023G, CWIP with a net book value of SAR824.2m (31 December 2022G; SAR882.4m and 31 December 2021G SAR1,721.1m) has been pledged as security to the lender under the Common Terms Financing Agreement.

Impairment test for mine properties, property, plant and equipment, right-of-use assets and capital work-in-progress

As at 31 December 2023G, management of the Company performed an impairment assessment of the MWSPC CGU, due to lower than budgeted results mainly due to decrease in prices in the international market. The impairment assessment resulted in no impairment. The value-in-use of MWSPC's assets, was based on a discounted cash flow analysis which utilized the most recent five-year approved business plan.

Key assumptions used in this analysis included:

- A pre-tax discount rate of 9.5% (31 December 2022G: 9.7% and 31 December 2021G: 8.5%) per annum which was calculated using the Capital Asset Pricing Model (CAPM) methodology;
- For the calculation of the terminal value, the Gordon Growth Method was adopted which included a growth rate of 4.0% (31 December 2022G: 4.0% and 31 December 2021G: 4.0%) which has been estimated based on third party consultant's forecasts for the industry; and
- Commodities prices were estimated based on third parties forecasts for the industry.

The test concluded that the recoverable amount for the capital work-in-progress, property plant and equipment, right-of-use assets and mine properties of MWSPC was higher than the carrying value of these assets.

The recoverable value of this CGU would equal it's carrying amount if the key assumptions were to change as follows:

Impairment test for mine properties, PPE, right-of-use assets and CWIP

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Discount rate:						
From	8.50%	9.70%	8.70%	14.1%	(10.3%)	1.2%
To	11.50%	11.36%	10.80%	(1.2%)	(5.7%)	(3.1%)
Decrease in sales price	13.63%	6.48%	5.55%	(52.5%)	34.4%	(36.2%)

Source: MWSPC Financial Statements and Company Information

This sensitivity analyses was based on a change in the assumption for discount rate whilst holding all other assumptions constant. In practice, changes in some of the assumptions may be correlated.

4-5-2-1-5 Intangible assets

The following table presents the Company's total net book value of intangible assets for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Intangible assets at carrying value

SARm	ERP
Cost	
1 Jan 2022	-
Additions during the remaining of the year	19.0
31 Dec 2022	19.0
Transfer from capital work-in progress	35.5
31 Dec 2023	**54.5**
Accumulated amortization	
1 Jan 2022	-
Charge during the year	(1.7)
31 Dec 2022	(1.7)
Charge during the year	(6.1)
31 Dec 2023	**(7.8)**
Net book value	
31 Dec 2022	17.3
31 Dec 2023	**46.6**

Source: MWSPC Financial Statements

Intangible assets of SAR46.6m at 31 December 2023G primarily represents ERP systems (transition from EBS to Oracle Fusion Cloud ERP) bought by the Company, capitalized at cost.

Intangible assets depreciation charge

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G
Allocation of depreciation charge during the year to:			
Cost of sales	-	-	0.2
General and administrative expenses	-	1.7	5.9
Total	**-**	**1.7**	**6.1**

Source: MWSPC Financial Statements

During the Historical Period, depreciation for intangible assets is allocated to the cost of sales and general and administrative expenses in accordance with the function of expense method.

4-5-2-1-6 Deferred taxes and severance assets

The following table presents the Company's total net book value of deferred tax and severance assets for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Deferred tax and severance assets

SARm	Tax losses	Provision for R&D and community development	Provision for site rehabilitation & dismantling	Employees benefits	Severance fees	Total
1 January 2021	404.6	3.1	6.5	3.8	-	417.9
Credited to profit or loss for the year	(35.9)	4.4	(2.2)	0.6	-	(33.2)
31 December 2022	**368.7**	**7.4**	**4.2**	**4.3**	**-**	**384.7**
Credited to profit or loss for the year	(9.2)	0.8	(2.6)	0.3	33.9	23.1
31 December 2023	**359.5**	**8.2**	**1.6**	**4.6**	**33.9**	**407.8**

Source: MWSPC Financial Statements

The deferred tax and severance assets have arisen because of temporary differences between the accounting and tax treatment of the following items:

- the operating losses carried forward in each year are in excess of the tax deduction allowed against gross income for the year which can be carried forward to be off settled against taxable income in the future years.
- the carrying value of the provision for research and development program and community development and their tax base.
- the carrying value of the provision for decommissioning, site rehabilitation and dismantling obligations and their tax base.
- the carrying value of the employees' end of service benefits obligation and their tax base.

Please refer to section 1-5-1-11 for details on how the deferred severance assets are calculated for the fiscal year ended at 31 December 2023G. No deferred severance assets arose in 2021G or 2022G.

4-5-2-1-7 Other non-current assets

The following table presents the Company's total net book value of other non-current assets for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Other non-current assets

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Long-term employees' home owners receivable, 1 January	**9.9**	**23.0**	**17.4**	**132.5%**	**(24.2%)**	**32.8%**
Transfer from fellow subsidiary	19.0	-	-	(100.0%)	n/a	n/a
Opening	(4.1)	(5.4)	(11.0)	32.9%	102.6%	(64.1%)
Ending	(5.4)	(11.0)	(11.5)	102.6%	4.4%	(45.5%)
Net repayments by employees during year	**(1.3)**	**(5.6)**	**(0.5)**	**314.5%**	**(91.2%)**	**39.7%**
Opening	(6.1)	(10.6)	(10.6)	75.1%	-	(32.3%)
Ending	(10.6)	(10.6)	(10.9)	-	2.3%	(1.2%)
Current portion of long-term employees' home owners receivable for the year	**(4.6)**	**-**	**(0.3)**	**(100.0%)**	**n/a**	**76.6%**
Total	**23.0**	**17.4**	**16.7**	**(24.2%)**	**(4.2%)**	**(14.8%)**

Source: MWSPC Financial Statements and Company Information

The Company, in compliance with its approved Home Owners Program ("**HOP**") sold newly constructed houses to its eligible employees on an interest free basis with an easy installment repayment plan. This also includes furniture loans and advances for the service and maintenance of the units, all the amounts are secured, interest free and payable in accordance with specific repayment terms. The non-current portion of this asset reduced from SAR23.0m at 31 December 2021G to SAR16.7m at 31 December 2023G. The balance has reduced driven by regular ongoing payments of the loans by employees.

4-5-2-2 Current assets

Current assets

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Current portion of long-term employees' homeowner's receivable	10.6	10.6	10.9	-	2.3%	1.2%
Due from shareholder	141.0	282.9	44.0	100.6%	(84.4%)	(44.1%)
Due from fellow subsidiaries	66.2	147.5	54.7	122.8%	(62.9%)	(9.1%)
Advances and prepayments	1.1	56.8	0.5	4,881.5%	(99.1%)	(34.3%)
Inventories	1,243.9	1,250.5	1,649.7	0.5%	31.9%	15.2%
Trade and other receivables	1,082.5	1,859.5	1,991.7	71.8%	7.1%	35.6%
Time deposits	-	2,550.5	633.9	n/a	(75.1%)	n/a
Cash and bank	1,299.6	1,274.0	1,199.7	(2.0%)	(5.8%)	(3.9%)
Total current assets	**3,845.0**	**7,432.3**	**5,585.2**	**93.3%**	**(24.9%)**	**20.5%**

Source: MWSPC Financial Statements and Company Information

Current assets increased by 93.3% from SAR3,845.0m at 31 December 2021G to SAR7,432.3m at 31 December 2022G. This was primarily driven by time deposits of SAR2,550m at 31 December 2022G (nil at 31 December 2021G). Due to the material excess profits generated in 2022G, the Company had excess cash and a portion of this was invested in time deposits. Additionally, trade and other receivables also increased from SAR1,082.5m at 31 December 2021G to SAR1,859.5m at 31 December 2022G due to the higher prices of the Company's products in this period.

Current assets decreased by 24.9% from SAR7,432.3m at 31 December 2022G to SAR5,585.2m at 31 December 2023G mainly due to a reduction in the value of time deposits attributable to voluntary repayments of long-term borrowings in addition to scheduled instalments. This was partially offset by higher inventories (which increased by SAR399.2m in 2023G, or 32%) driven by an increase in spare parts and consumable materials as the Company changed the maintenance requirements for the plants that began operations in 2019G.

4-5-2-2-1 Due from shareholders

The following table presents the Company's year-end balances due from shareholders for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Due from shareholders

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Ma'aden	141.0	281.0	44.0	99.2%	(84.3%)	(44.1%)
Mosaic	-	1.9	-	n/a	(100.0%)	n/a
Total	**141.0**	**282.9**	**44.0**	**100.6%**	**(84.4%)**	**(44.1%)**

Source: MWSPC Financial Statements and Company Information

Due from shareholders comprised operational current account transactions with Ma'aden and Mosaic. The amounts are unsecured, interest free and not subject to any specific repayment terms.

Due from shareholders increased by 100.6% from SAR141.0m at 31 December 2021G to SAR282.9m at 31 December 2022G. This is VAT receivable from corporate on the sales during the Historical Period. The balances subsequently reduced by 84.4% to SAR 44.0m at 31 December 2023G. The reduction was driven by the timing of payments by the shareholders / marketers.

4-5-2-2-2 Due from fellow subsidiaries

Due from fellow subsidiaries

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Ma'aden Phosphate Company	66.2	36.9	11.1	(44.2%)	(70.0%)	(59.1%)
Ma'aden Fertilizer Company	-	110.6	37.8	n/a	(65.8%)	n/a
Ma'aden Aluminium Company	-	0.0	5.8	n/a	n/a	n/a
Ma'aden Gold and Base Metal Company	-	-	0.0	n/a	n/a	n/a
Industrial Minerals Company	-	-	0.0	n/a	n/a	n/a
Total	**66.2**	**147.5**	**54.7**	**122.8%**	**(62.9%)**	**(9.1%)**

Source: MWSPC Financial Statements and Company Information

The due from fellow subsidiaries mainly comprised products transferred by the Company to other subsidiaries of the Ma'aden group under a product swap agreement ("**PSA**") and services performed under service level agreement ("**SLA**"). The balances due to the Company at each year end is presented in the above table and relates mainly to the Ma'aden Phosphate Company and Ma'aden Fertilizer Company.

4-5-2-2-3 Advances and prepayments

The following table presents the Company's year-end balance of advances and prepayments for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Advances and prepayments

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Prepaid insurance	0.6	24.7	-	n/a	n/a	n/a
Prepaid bank guarantee	-	31.4	-	n/a	n/a	n/a
Advance to employees	0.5	0.7	0.5	23.2%	(25.6%)	(4.3%)
Total	**1.1**	**56.8**	**0.5**	**4,881.5%**	**(99.1%)**	**(34.3%)**

Source: MWSPC Financial Statements and Company Information

The advances and prepayments mainly represent advances paid by the Company for insurance, bank guarantees and to its employees.

The advances and prepayments increased from SAR1.1m at 31 December 2021G to SAR56.8m at 31 December 2022G attributed to the timing of prepayments made for prepaid insurance and bank guarantees. These prepayments are recognized in the income statement on a straight-line basis as they are utilized.

4-5-2-2-4 Inventories

The following table presents the Company's year-end balances in inventories for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Inventories

SARm	31 Dec 2021	31 Dec 2022	31 Dec 2023	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Finished goods - ready for sale						
DAP	216.6	253.7	246.5	17.1%	(2.8%)	6.7%
Cost of finished goods – DAP	216.6	258.5	247.5	19.3%	(4.2%)	6.9%
Less: Inventory written-down to net realizable value – DAP	-	(4.8)	(1.0)	n/a	(78.4%)	n/a
AMM	8.7	8.3	5.7	(4.8%)	(30.8%)	(18.8%)
Sulphate of potash	1.2	2.4	2.7	100.2%	14.2%	51.2%
Cost of finished goods – SOP	1.2	6.1	9.1	407.6%	49.4%	175.4%
Less: Inventory written down to net realizable value – SOP	-	(3.7)	(6.4)	n/a	72.3%	n/a
Work-in-process	127.1	139.1	216.9	9.4%	55.9%	30.6%
Stockpile of mined ore	51.3	36.2	35.0	(29.5%)	(3.3%)	(17.4%)
Saleable inventory	**405.0**	**439.6**	**506.8**	**8.6%**	**15.3%**	**11.9%**
Spare parts and consumable materials	671.5	669.8	1,019.8	(0.3%)	52.3%	23.2%
Raw materials	167.5	141.1	123.1	(15.7%)	(12.7%)	(14.2%)
Consumable inventory	**839.0**	**810.9**	**1,142.9**	**(3.3%)**	**40.9%**	**16.7%**
Total	**1,243.9**	**1,250.5**	**1,649.7**	**0.5%**	**31.9%**	**15.2%**
Days inventories outstanding ("**DIO**")	107	88	134	(17.6%)	51.6%	11.8%

Source: MWSPC Financial Statements and Company Information

Inventories comprise raw materials, work in progress and finished goods along with spare parts and consumables.

Inventories remained relatively stable, increasing by 0.5% from SAR1,243.9m at 31 December 2021G to SAR1,250.5m at 31 December 2022G. Even though the prices of raw materials increased, the overall quantity was lower as Company made the production process more efficient to reduce the inventory days.

Inventories subsequently increased by 31.9% from SAR1,250.5m at 31 December 2022G to SAR1,649.7m, at 31 December 2023G mainly driven by increased spare parts and consumable materials. These increased from SAR669.8m at 31 December 2022G to SAR1,019.8m at 31 December 2023G as the required maintenance capex of the Granulation plant that began operations in 2019G was reassessed and additional materials were required. The current spare parts and consumables balance is expected to be maintained in the foreseeable future.

There were write-offs of SAR8.5m in 2022G and SAR7.4m in 2023G due to discrepancies between the physical stock counts and the book value of inventories. These discrepancies resulted in a write-off of the book value in each period.

4-5-2-2-5 Trade and other receivables

The following table presents the Company's year-end balances trade and other receivables for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Trade and other receivables

SARm	31 Dec 2021	31 Dec 2022	31 Dec 2023	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Trade receivables from shareholders						
Ma'aden, the parent company	597.2	865.6	922.5	44.9%	6.6%	24.3%
SABIC	41.5	265.9	270.0	541.1%	1.5%	155.1%
Mosaic	200.0	275.9	250.4	38.0%	(9.3%)	11.9%
Sub-total trade receivable from shareholders	**838.6**	**1,407.5**	**1,442.8**	**67.8%**	**2.5%**	**31.2%**
Trade receivables from a fellow subsidiary						
Ma'aden Phosphate Company ("**MPC**")	-	-	234.3	n/a	n/a	n/a
Sub-total trade receivable	**838.6**	**1,407.5**	**1,677.2**	**67.8%**	**19.2%**	**41.4%**
Other receivable						
Aramco	215.4	313.5	96.2	45.5%	(69.3%)	(33.2%)
VAT input	14.0	93.1	118.0	567.3%	26.7%	190.8%
Receivable from regulatory authorities	-	21.5	86.7	n/a	303.4%	n/a
Other	14.5	23.9	13.7	65.0%	(42.9%)	(2.9%)
Sub-total other receivable	**243.9**	**452.0**	**314.5**	**85.3%**	**(30.4%)**	**13.6%**
Total	**1,082.5**	**1,859.5**	**1,991.7**	**71.8%**	**7.1%**	**35.6%**
Days sales outstanding ("**DSO**")	64	70	101	9.0%	45.1%	25.8%

Source: MWSPC Financial Statements and Company Information

The shareholders (Ma'aden, SABIC and Mosaic) act as marketers for the Company's finished products. Hence, all receivables for the Company are owed by these shareholders.

As per the marketing agreements with the shareholders, these receivables are secured by letters of credit provided by the customers to the marketers ahead of the dispatch of any shipment. This protects the Company and the marketers against any potential losses arising from non-performance by the customers. Furthermore, amongst other obligations under the marketing agreement, the marketers are responsible for obtaining credit insurance coverage. The Company does not bear the credit risk of any bad debts unless specifically agreed to with reference to specific transactions.

Trade receivables from Ma'aden Phosphate Company ("**MPC**") is related to products transferred to MPC under the Product Swap Agreement ("**PSA**") billed at market prices at arm's length.

The Company records trade receivables on the delivery date at a minimum estimated price ("**MEP**"), which is agreed in advance for each quarter. The marketers settle their receivables with the Company at the point at which they collect cash from the end consumer. The Company collects its receivables based on the price agreed between the marketers and the end customers. Hence, the price that is actually paid for the Company's trade receivables is determined after initial recognition of the receivable.

The Company holds all its trade receivables with the objective of collecting the contractual cash flows. However, the contractual cash flows and quantum of receivables vary based on the price of the commodity and will therefore be subsequently measured at FVTPL. Receivables from the marketers are measured on this FVTPL basis until the marketers sell the product to end customers. The date at which the product is sold to end customers is defined as the "settlement date" and this drives the price collected by the Company for the associated receivables. Certain other balances including the trade receivable from MPC are measured at amortised cost. As at 31 December 2023G, the trade receivables from marketers amounting to SAR1,442.8m were carried at FVTPL whilst the trade receivable from MPC amounting to SAR234.3m was measured at amortised cost.

Trade receivables increased by 67.8% from SAR838.6m at 31 December 2021G to SAR1,407.5m at 31 December 2022G and further by 19.2% to SAR1,677.2m at 31 December 2023G. The material increase in 2022G was mainly due to an increase in sales prices and volumes for both DAP and Ammonia. The subsequent increase in 2023G was due to a further increase in volumes and lengthening of the Days Sales Outstanding ("**DSO**") cycle from 70 days at 31 December 2022G to 101 days at 31 December 2023G.

The Company tracks the DSO monthly and targets a DSO cycle of 45 days.

Historically, there have not been any bad debt provisions or bad debt write offs as all receivables are from the Company's shareholders or their subsidiaries. The following table presents an ageing breakdown for the trade receivables which indicates there are immaterial balances aged over 180 days in each of 2021G, 2022G and 2023G.

Ageing of trade receivables

SARm	Current	1-90	91-180	181-360	>360	Total
31 December 2021G	838.6	-	-	-	-	838.6
31 December 2022G	1,261.3	165.9	1.3	(7.0)	(13.9)	1,407.5
31 December 2023G	1,168.2	485.5	20.6	2.0	0.9	1,677.2

Source: Company information

Other receivables

Other receivables include receivables from Aramco, input VAT and receivables from regulatory authorities. Aramco is a key supplier of Molten Sulphur to the Company. As part of its supply contract, it provides a yearly discount of 33%, based on the volumes which is recognized through a credit note. This credit note amount is set off against the future payments to Aramco.

Other receivables increased by 85.3% from SAR243.9m at 31 December 2021G to SAR452.0m at 31 December 2022G driven primarily by the receivables from Aramco and input VAT, which increased in line with higher prices and volumes sold in the period.

Other receivables decreased by 30.4% from SAR452.0m at 31 December 2022G to SAR314.5m at 31 December 2023G in line with the reduced sales prices, as well as a decline in fuel and natural gas prices leading to lower discounts from Aramco.

4-5-2-2-6 Time deposits

The following table displays the Company's year-end balances for time deposits for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Time deposits

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Time deposits with original maturities more than three months at the date of acquisition	-	2,515.0	618.8	n/a	(75%)	n/a
Time deposit income receivable	-	35.5	15.2	n/a	(57%)	n/a
Total	**-**	**2,550.5**	**633.9**	**n/a**	**(75%)**	**n/a**

Source: MWSPC Financial Statements and Company Information

Time deposits represent funds with banks and other short-term highly liquid investments, with original maturities of more than three months but not more than one year from the date of acquisition.

The Company invested in time deposits in 2022G given the excess cash available in the period. Time deposits decreased from nil at 31 December 2021G to SAR2,550.5m at 31 December 2022G, and subsequently reduced to SAR633.9m at 31 December 2023G as the Company made voluntary repayment to financial lenders in 2023G.

4-5-2-2-7 Cash and cash equivalents

The following table presents the Company's year-end balances for cash and cash equivalents for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Cash and cash equivalents

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G
restricted			
Time deposits with original maturities equal to or less than three months at the date of acquisition	-	1,259.1	1,184.0
Cash and bank balances	1,291.0	3.6	0.3
Sub-total	**1,291.0**	**1,262.7**	**1,184.2**
Restricted cash and bank balances	8.6	11.3	15.5
Total	**1,299.6**	**1,274.0**	**1,199.7**

Source: MWSPC Financial Statements

Cash and cash equivalents mainly represent time deposits with a maturity of less than or equal to three months in addition to both restricted and unrestricted cash and cash equivalents. Within cash and bank balances, restricted cash is related to the employee savings plan obligation.

4-5-2-3 Non-current liabilities

The following table presents the Company's year-end balances for non-current liabilities for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Non-current liabilities

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Long-term borrowings	17,849.1	16,724.3	13,190.2	(6.3%)	(21.1%)	(14.0%)
Provision for decommissioning, site rehabilitation and plant dismantling obligations	129.3	62.3	358.9	(51.9%)	476.4%	66.6%
Non-current portion of lease liabilities	12.0	16.4	16.0	36.4%	(2.4%)	15.4%
Other non-current liabilities	67.0	143.5	180.1	114.0%	25.5%	63.9%
Employees' benefits	81.1	94.6	92.0	16.6%	(2.7%)	6.5%
Deferred tax and severance liabilities	444.5	494.5	712.1	11.2%	44.0%	26.6%
Total non-current liabilities	**18,583.1**	**17,535.4**	**14,549.3**	**(5.6%)**	**(17.0%)**	**(11.5%)**

Source: MWSPC Financial Statements and Company Information

Non-current liabilities declined by 5.6% from SAR18,583.1m at 31 December 2021G to SAR17,535.4m at 31 December 2022G. This decrease was primarily due to the repayment of long-term borrowings totaling SAR1,113.7m.

Non-current liabilities decreased further by 17.0% from SAR17,535.4m at 31 December 2022G to SAR14,549.3m at 31 December 2023G. This was mainly attributable to voluntary repayments of long-term borrowings in addition to scheduled instalments, aggregating to a net repayment of SAR3,629.0m. This strategic decision was made by the Company based on the significant profits and cash generated in 2022G.

4-5-2-3-1 Long-term borrowings

The Company entered into a Common Terms Agreement ("**CTA**") and other agreements (collectively referred to as "**Financing Agreements**") with a group of financial institutions on 30 June 2014G. As part of a loan restructuring, the Company entered into new financing arrangements on 20 June 2020G. The new financing facilities comprised of the following:

Facilities approved

SARm	Date of approval	Facilities granted	Commission rates
Public Pension Agency	20 Jun 20	6,599.9	
Riyad Bank - the Murabaha facility – as agent	20 Jun 20	6,808.5	SIBOR + 1.2%
Riyad Bank - the Wakala facility – as agent	20 Jun 20	1,900.0	SIBOR + 1.2%
Islamic and commercial banks facilities		8,708.5	
Loan Agreement No. 2849 and 2851	30 Dec 15	2,100.0	
Loan Agreement No. 2850 and 2852	22 Nov 18	1,900.0	
Saudi Industrial Development Fund		4,000.0	
Total		**19,308.4**	

Source: MWSPC Financial Statements

The new financing agreements imposed special conditions and financial covenants including:

- the limitation on creation of additional liens and/or financing obligations by the Company, unless specifically allowed under the Common Terms Financing Agreements "CTFA";
- financial ratio maintenance;
- maximum capital expenditures allowed;
- restriction on dividend distribution to shareholders; and
- restriction on the term of the short-term investment with maturities of not more than six (6) months from the date of acquisition, of any Saudi Arabian commercial bank or any other international commercial bank of recognized standing.

Long-term borrowings

SARm	31 Dec 2021G ()	31 Dec 2022G ()	31 Dec 2023G ()	Commission rates
Public Pension Agency ("**PPA**")	6,599.9	6,599.9	6,599.9	-
Riyad Bank - Murabaha facility	6,808.5	6,808.5	6,808.5	SIBOR + 1.2%
Riyad Bank - Wakala facility	1,900.0	1,900.0	1,900.0	SIBOR + 1.2%
Saudi Industrial Development Fund	4,000.0	4,000.0	4,000.0	SIBOR + 1.7%
Loan from banks	**19,308.4**	**19,308.4**	**19,308.4**	
Public Pension Agency ("**PPA**")	(40.8)	(357.1)	(1,760.8)	
Riyad Bank	(54.9)	(474.8)	(2,315.4)	
Saudi Industrial Development Fund	(764.0)	(1,102.8)	(1,449.5)	
Repayments and trans. Costs	**(859.7)**	**(1,934.7)**	**(5,525.7)**	
Less: current portion of borrowings	(599.6)	(649.4)	(592.5)	
Total	**17,849.1**	**16,724.3**	**13,190.2**	

Source: MWSPC Financial Statements

Long-term borrowings decreased by 6.3% from SAR17,849.1m at 31 December 2021G to SAR16,724.3m at 31 December 2022G. This was due to scheduled repayments and a prepayment on a principal loan balance on 30 June 2022 under the "fixed cash sweep" clause of the CTA. Accordingly, as SAR514.1m of excess cash was available, 57% (SAR293.0m) of the "excess cash" was prepaid against the borrowings from Islamic and commercial banks and 43% (SAR221.1m) against the borrowings from the Public Pension Agency ("**PPA**").

Long-term borrowings decreased further by 21.1% from SAR16,724.3m at 31 December 2022G to SAR13,190.2m at 31 December 2023G. This was driven by voluntary prepayments on 30 June 2023G on principal loan balances under clause 4.6 of the CTA which allows the Company to prepay wholly or any part of (i) a Stage payment in relation to Wakala facilities, and/or (ii) one or more Deferred Prices outstanding under Murabaha facilities. Accordingly, with a total of SAR3,000.0m voluntary prepayment of loan principal, 57% (SAR1,706.5m) was prepaid against the borrowings from Islamic and commercial banks and 43% (SAR1,293.5m) against the borrowings from PPA.

Riyad Bank acts as a facility agent for the Murabaha and Wakala facility.

In addition to scheduled repayments, the restructured Riyal Murabaha and Riyal Wakala facilities include provisions to make prepayments to the participants depending on the availability of excess cash for debt servicing. The prepayments continue until certain conditions have been met in respect of the outstanding balance under each of the facilities and are also limited in respect of time for the Riyal Murabaha and Riyal Wakala facilities.

Facilities utilized under the different CTAs

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G
Public Pension Agency			
30 June 2020 loan transfer	6,599.9	6,599.9	6,599.9
Opening	-	-	(320.1)
For the year	-	(320.1)	(1,400.9)
Less: Total repayment of borrowing	**-**	**(320.1)**	**(1,720.9)**
Total before transaction costs	**6,599.9**	**6,279.8**	**4,879.0**
Transaction cost balance as at the end of the year	(40.8)	(37.0)	(39.8)
Public Pension Agency	**6,559.1**	**6,242.8**	**4,839.1**
Islamic and commercial banks			
Riyad Bank - as agent for the Murabaha facility	6,808.5	6,808.5	6,808.5
Riyad Bank - as agent for the Wakala facility	1,900.0	1,900.0	1,900.0
Sub-total	**8,708.5**	**8,708.5**	**8,708.5**
Opening	-	-	(423.7)
For the year – Murabaha facility	-	(331.2)	(1,444.9)
For the year – Wakala facility	-	(92.4)	(403.2)
Less: Total repayment of borrowing	**-**	**(423.7)**	**(2,271.8)**
Total before transaction costs	**8,708.5**	**8,284.8**	**6,436.7**
Transaction cost balance as at the end of the year	(54.9)	(51.2)	(43.6)
Islamic and commercial banks	**8,653.6**	**8,233.7**	**6,393.1**
Sub-total carried forward	**15,212.7**	**14,476.5**	**11,232.2**
Saudi Industrial Development Fund			
23 October 2017 first drawdown	1,680.0	1,680.0	1,680.0
20 November 2018 second drawdown	420.0	420.0	420.0
31 December 2018 third drawdown	1,805.0	1,805.0	1,805.0
10 November 2019 fourth drawdown	95.0	95.0	95.0
Sub-total	**4,000.0**	**4,000.0**	**4,000.0**
Opening	(205.0)	(555.0)	(925.0)
For the year	(350.0)	(370.0)	(380.0)
Less: Total repayment of borrowing	**(555.0)**	**(925.0)**	**(1,305.0)**
Total before transaction costs	**3,445.0**	**3,075.0**	**2,695.0**
Transaction cost balance as at the end of the year	(209.0)	(177.8)	(144.5)
Saudi Industrial Development Fund	**3,236.0**	**2,897.2**	**2,550.5**
Total loan borrowings	**18,448.7**	**17,373.7**	**13,782.7**
Accrued finance costs	8.4	9.4	10.4

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G
Sub-total	**18,457.1**	**17,383.1**	**13,793.1**
Current portion of long-term borrowings	(599.6)	(649.4)	(592.5)
Accrued finance costs	(8.4)	(9.4)	(10.4)
Current portion of borrowings shown under current liabilities	(608.0)	(658.8)	(602.9)
Long-term portion of borrowings	**17,849.1**	**16,724.3**	**13,190.2**

Source: MWSPC Financial Statements

Public Pension Agency: The repayment of the principal amount of loan will be in 27 installments on a six-monthly basis starting from 30 June 2022G. The repayments commence at SAR112.5m and increase over the term of the loan with the final repayment of SAR379m on 30 June 2035G. The transaction cost incurred on this loan was capitalized and is being amortized over the term of the loan. Commission and commitment fees incurred during 2023G amounted to SAR388.3m (2022G: SAR 201.3m and 2021G: SAR114.2m).

Islamic and commercial banks: The rate of commission on the principal amount of the loan drawdown for each commission period on all the Saudi Riyal facilities is SIBOR plus a margin (mark-up in case of Wakala facilities) of 1.20% for Murabaha and Wakala facility. The repayment of the principal amount of loan will be in 27 installments on a six-monthly basis starting from 30 June 2022G. The repayments are starting at SAR77.5m and increase over the term of the loan with the final repayment of SAR500m on 30 June 2035G. The transaction cost incurred on obtaining the loan amounting to SAR78m has been capitalized and netted off the loan balance and will be amortized over the term of the loan. Transaction cost incurred in 2023G amounted to SAR7.6m (2022G: SAR3.8m and 2021G: SAR21.1m). Commission and commitment fees incurred in 2023G amounted to SAR402.5m for Murabaha facility and SAR112.3m for Wakala facility) with a total of SAR514.8m (31 December 2022G: SAR286.8m and 31 December 2021G: SAR181.1m).

Saudi Industrial Development Fund: The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period, is in the range of 1.70% per annum. The repayment of the principal amount of the loan on the original agreement will be in 24 installments on a six-monthly basis started from 22 December 2018G. The repayments are started from SAR60m and increasing over the term of the loan. On 20 June 2020, the loan was restructured and resulted in a modification on the repayment of the loan which will start from May 2021G, on a six-monthly basis, starting at SAR175m and increasing over the term of the loan with the final repayment of SAR55m in August 2031G. The transaction cost incurred in 2023G which is amortized over the term of the loan amounted to SAR33.2m (2022G: SAR31.2m and 2021G: SAR32.6m). Commission and commitment fees incurred during 2023G amounted to SAR60.5m (2022G: SAR69.0m and 2021G: SAR83.0m).

Facilities' currency denomination

All of the Company's facilities have been contracted in United States Dollar (US$) and Saudi Riyals (SAR) and the drawdown balances in US$ are shown below:

Facilities' currency denomination

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Public Pension Agency (US$)	1,760.0	1,674.6	1,301.1	(4.8%)	(22.3%)	(14.0%)
Riyad Bank - as agent for the Murabaha facility (SAR)	1,815.6	1,727.3	1,342.0	(4.9%)	(22.3%)	(14.0%)
Riyad Bank - as agent for the Wakala facility (SAR)	506.7	482.0	374.5	(4.9%)	(22.3%)	(14.0%)
Saudi Industrial Development Fund (SAR)	918.7	820.0	718.7	(10.7%)	(12.4%)	(11.6%)
Total	**5,000.9**	**4,703.9**	**3,736.2**	**(5.9%)**	**(20.6%)**	**(13.6%)**

Source: MWSPC Financial Statements and Company Information

Maturity profile of long-term borrowings

The following table presents the Company's maturity profile of long-term borrowings for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Maturity profile of long-term borrowings

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Payable within 12 months	973.7	1,355.8	1,384.8	39.2%	2.1%	19.3%
Between 1 - 2 years	2,007.6	2,851.7	3,308.9	42.0%	16.0%	28.4%
Between 2 - 5 years	4,399.2	8,208.4	5,953.8	86.6%	(27.5%)	16.3%
Over 5 years	14,516.5	10,570.7	8,901.4	(27.2%)	(15.8%)	(21.7%)
Total	**21,897.0**	**22,986.6**	**19,548.9**	**5.0%**	**(15.0%)**	**(5.5%)**

Source: MWSPC Financial Statements and Company Information

The payment profile of long-term borrowings was divided into four main categories mentioned in the table above totaling SAR19,548.9m at 31 December 2023G.

Security

The following assets were pledged as security for these long-term borrowings in accordance with the applicable CTAs:

Security

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Mine properties	3,093	3,285	3,230	6.2%	(1.7%)	2.2%
Property plant and equipment	19,744.3	19,522.8	19,125.7	(1.1%)	(2.0%)	(1.6%)
Capital work-in-progress	1,721	882.4	870.1	(48.7%)	(1.4%)	(28.9%)
Total	**24,558.7**	**23,690.1**	**23,226.3**	**(3.5%)**	**(2.0%)**	**(2.8%)**

Source: MWSPC Financial Statements and Company Information

4-5-2-3-2 Provision for decommissioning, site rehabilitation and dismantling obligations

The following table presents the Company's year-end balances in provision for decommissioning, site rehabilitation and dismantling obligations for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Provision for decommissioning, site rehabilitation and dismantling oblig.

SARm	Al-Khabra mine rehabilitation	Mine plant dismantling	Plant dismantling (non -mine)	Total
1 January	129.3	-	-	129.3
Unwinding of discount during the year arising from the passage of time	4.5	-	-	4.5
Decrease in provision during the year	(71.5)	-	-	(71.5)
31 Dec 2022	**62.3**	**-**	**-**	**62.3**
Addition during the year	-	31.4	202.8	234.2
Unwinding of discount during the year arising from the passage of time	3.1	0.5	3.3	6.9
Increase in provision during the year	55.5	-	-	55.5
31 Dec 2023	**120.9**	**31.9**	**206.0**	**358.9**

Source: MWSPC Financial Statements

The Company began commercial production in 2017G, with the Al-Khabra mine scheduled to close in 2044G and site rehabilitation and plant dismantling by 2057G. Decommissioning provisions are made for the mine closure, reclamation and dismantling obligation of the mine and the related plants and infrastructure. These obligations are expected to be incurred in the year in which the mine is expected to be closed. The Company estimates the provision based on management's understanding of the current legal requirements in the Kingdom of Saudi Arabia, terms of the mining license and engineering estimates.

The provision for mine decommissioning obligation represents the full amount of the estimated future closure and reclamation costs for the various operational mining properties, based on information currently available including closure plans and applicable regulations.

The full estimated cost is discounted to its present value over the life-of-mine and capitalized as part of "Operating Mine" and shown under, mine properties. The mine closure asset is depreciated over the life-of-mine, once commercial production has been declared. Future changes, if any, in regulations and cost assumptions may be significant and will be recognised when determined.

The provision for decommissioning, site rehabilitation and dismantling obligation decreased by 51.8% from SAR129.3m at 31 December 2021G to SAR62.3m at 31 December 2022G and increased materially by 476.1% to SAR358.9m at 31 December 2023G.

This was driven by a change in the estimates of decommissioning, site rehabilitation and dismantling obligations for the Al-Khabra mine in 2023G. These changes in estimates will also result in an increase in the accretion of the provision for mine decommissioning obligations and depreciation of the mine closure asset in future years. However, the net impact of such changes is not material for individual years. The changes in estimates are based on an independent valuation report of all assets installed at the Company, which assessed new replacement value, useful life, and residual value, including disposal costs. This report was necessitated in order to comply with the Environmental Law 2021, as well as the requirements of IFRS and IAS 16.

4-5-2-3-3 Lease liabilities

The Company has entered into lease agreements which entitled the Company to right of use asset and obligations relating to certain vehicles and heavy equipment. The following table presents the lease liabilities for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Lease liabilities

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Future minimum lease payments	31.6	35.8	32.5	13.1%	(9.2%)	1.3%
Less: Future finance cost not yet due	(2.2)	(1.6)	(1.5)	(30.3%)	(4.0%)	18.2%
Net present value of minimum lease payment	**29.4**	**34.2**	**31.0**	**16.4%**	**(9.5%)**	**2.6%**
Less: Current portion shown under current liabilities	(17.4)	(17.8)	(15.0)	2.6%	(16.0%)	7.2%
Non-current portion of lease liabilities	**12.0**	**16.4**	**16.0**	**36.4%**	**(2.4%)**	**15.4%**

Source: MWSPC Financial Statements and Company Information

The following table presents the Company's maturity profile of lease liabilities for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Maturity profile of lease liabilities

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
2023	17.4	17.8	-	2.6%	n/a	n/a
2024	7.9	8.1	16.2	3.0%	99.9%	43.5%
2025	6.4	6.4	9.8	0.7%	52.1%	23.7%
2026	-	3.4	3.2	n/a	(6.3%)	n/a
2027	-	-	3.3	n/a	n/a	n/a
Total	**31.6**	**35.8**	**32.5**	**13.1%**	**(9.2%)**	**1.3%**

Source: MWSPC Financial Statements and Company Information

The following table presents the Company's additions of new lease liabilities and the payments made for existing liabilities for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Movement in future minimum lease payments:

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
1 January	36.5	31.6	35.8	(13.3%)	13.1%	n/a
Addition during the year	23.2	25.3	17.5	8.7%	(30.9%)	n/a
Payments during the year	(28.1)	(21.1)	(20.8)	(24.8%)	(1.6%)	n/a
31 December	**31.6**	**35.8**	**32.5**	**13.1%**	**(9.2%)**	**n/a**

Source: MWSPC Financial Statements and Company Information

The following table presents the Company's finance costs related to lease liability and its movements following the lease liability additions and payments for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Movement in future finance costs:

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
1 Jan 2023	2.8	2.2	1.6	(20.5%)	(30.3%)	n/a
Addition during the year	0.5	-	0.9	(100.0%)	n/a	n/a
Payments during the year	(1.0)	(0.7)	(1.0)	(34.2%)	40.7%	n/a
31 December	**2.2**	**1.6**	**1.5**	**(30.3%)**	**(4.0%)**	**n/a**

Source: MWSPC Financial Statements and Company Information

4-5-2-3-4 Other non-current liabilities

The following table presents the Company's year-end balances for other non-current liabilities for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Other non-current liabilities includes a liability which represents the Company's commitment to establishing a social responsibility fund for community projects, calculated at 1% of net profits of each financial year. Other non-current liabilities increased by 114.2% from SAR67.0m at 31 December 2021G to SAR143.5m at 31 December 2022G in line with rising profits in 2022G. The balance further increased by 25.5% from SAR143.5m at 31 December 2022G to SAR180.1m at 31 December 2023G due to additional profits and the absence of significant community project expenditures.

4-5-2-3-5 Employees' benefits

Employees' end of service termination benefits obligation

The following table presents the Company's employees' end of service termination benefits obligation and the employees' savings plan for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Employees' benefits

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Employees' end of service termination benefits obligation	72.6	83.3	76.5	14.8%	(8.1%)	2.7%
Employees' savings plan	8.6	11.3	15.5	31.9%	37.3%	34.6%
Total	**81.1**	**94.6**	**92.0**	**16.6%**	**(2.7%)**	**6.5%**

Source: MWSPC Financial Statements and Company Information

The Company operates a defined benefit plan in line with the Labour Law requirement in the Kingdom of Saudi Arabia. The end of service benefit payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment, as defined by the conditions stated in the Labour Laws.

Employees' end of service termination benefit plans are unfunded plans and the benefit payment obligations are met when the employee's service is terminated.

The Company pays the benefit as a lump sum amount upon retirement of the employees. There are no additional benefits for death in service of an employee except the insurance amount which is paid by the insurance company. No cap/limit on the benefit on retirement as per Company policy.

The employee benefits liability increased from SAR81.1m at 31 December 2021G to SAR94.6m at 31 December 2022G, primarily driven by the increments during the period. The employee benefits liability reduced to SAR92m at 31 December 2023G due to transfer of c. 237 employees to MPC and hence their EoSB liability was also transferred.

Re-measurements of employees' end of service termination benefits obligation

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
1 January	64.4	72.6	83.3	12.6%	14.8%	13.7%
Current service cost	10.4	9.7	12.3	(6.9%)	27.4%	8.9%
Interest expense	1.7	1.9	4.2	16.3%	115.9%	58.4%
Total amount recognised in profit or loss	**12.1**	**11.6**	**16.5**	**(3.7%)**	**42.1%**	**17.0%**
Loss from change in financial assumptions	-	-	-	n/a	n/a	n/a
Experience (gain) / losses	1.8	3.4	(4.3)	84.5%	(227.1%)	n/a
Loss attributable to the re-measurements recognised in other comprehensive income	**1.8**	**3.4**	**(4.3)**	**84.5%**	**(227.1%)**	**n/a**
Settlements	(4.0)	(4.7)	(1.2)	18.3%	(73.4%)	43.9%
Transfer to a fellow subsidiary	(1.8)	0.4	(17.7)	(121.2%)	(4,711.5%)	(212.5%)
Total	**72.6**	**83.3**	**76.5**	**14.8%**	**(8.1%)**	**2.7%**

Source: MWSPC Financial Statements and Company Information

Significant actuarial assumptions

The significant actuarial assumptions used to estimate the end of service termination benefit liability include the following:

Employee benefits' significant actuarial assumptions

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G
Discount rate	2.7%	4.8%	4.8%
Salary growth rate	2.7%	4.8%	4.8%
Employee mortality rate	AM 80 table	AM 80 table	WHO SA19
Employee withdrawal rate	7.0%	7.0%	light

Source: MWSPC Financial Statements

Sensitivity profile

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is presented in the following table:

Employee benefits' sensitivity profile

SARm	Sensitivity level		Impact on Employees' termination EoSB	
	Increase	Decrease	Increase	Decrease
31 December 2023				
Discount rate	1.0%	1.0%	7.6	9.1
Salary increase rate	1.0%	1.0%	7.9	6.7
Mortality rate	10.0%	10.0%	0.0	0.0
Withdrawal rate	10.0%	10.0%	0.4	0.4
31 December 2022				
Discount rate	1.0%	1.0%	10.3	12.7
Salary increase rate	1.0%	1.0%	12.6	10.4
Mortality rate	10.0%	10.0%	0.0	0.0
Withdrawal rate	10.0%	10.0%	0.3	0.4
31 December 2021				
Discount rate	1.0%	1.0%	11.1	8.9
Salary increase rate	1.0%	1.0%	9.0	11.0
Mortality rate	10.0%	10.0%	0.0	0.0
Withdrawal rate	10.0%	10.0%	0.3	0.3

Source: MWSPC Financial Statements

The above sensitivity analyses are based on a change in a single assumption while holding all the other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated using the projected unit credit method at the end of the reporting year) has been applied as when calculating the employees' end of service termination benefits obligation recognised in the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change between 2021G and 2023G.

Effect of defined benefit plan on entity's future cash flows

The weighted average duration of the defined benefit obligation is 10.84 years. The expected maturity analysis of undiscounted defined benefit obligation is as follows:

Effect of defined benefit plan on entity's future cash flows

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
2022	6.1	-	-	(100%)	n/a	n/a
2023	3.5	6.0	-	72%	(100%)	n/a
2024	2.9	4.2	5.2	44%	24%	33%
2025	3.2	3.7	8.2	14%	124%	60%
2026	2.8	4.0	6.5	40%	64%	52%

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
2027	2.4	3.7	6.7	53%	81%	66%
2028 (and thereafter at Dec'21)	88.3	3.5	8.0	(96%)	130%	(70%)
2029 and thereafter	-	157.0	47.5	n/a	(70%)	n/a
Total	**109.2**	**182.0**	**82.1**	**67%**	**(55%)**	**(13%)**

Source: MWSPC Financial Statements and Company Information

Employees' savings plan

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
1 January	6.9	8.6	11.3	23%	32%	27%
Contribution for the year	3.0	4.5	5.2	49%	14%	30%
Withdrawals during the year	(1.4)	(1.8)	(0.9)	25%	(47%)	19%
Total	**8.6**	**11.3**	**15.5**	**32%**	**37%**	**35%**

Source: MWSPC Financial Statements and Company Information

4-5-2-3-6 Deferred tax and severance liabilities

The following table displays the Company's deferred tax and severance liabilities for the three years ended 31 December 2021G, 2022G and 2023G.

Deferred taxes and severance liabilities

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Deferred tax liabilities on income tax	444.5	494.5	530.4	11.2%	7.3%	9.2%
Deferred severance liabilities	-	-	181.7	n/a	n/a	n/a
Total	**444.5**	**494.5**	**712.1**	**11.2%**	**44.0%**	**26.6%**

Source: MWSPC Financial Statements and Company Information

As at 31 December 2023G, a significant quantum of temporary difference has arisen between (i) the carrying value of property, plant and equipment excluding capital work-in-progress based on IFRS which amounted to SAR 22,408.2m and (ii) based on Zakat, Tax and Customs Authority ("**ZATCA**") computation on the carrying value of the Company's property plant and equipment which amounted to SAR 11,800.2m.

The net taxable temporary difference of SAR10,608.0m based on the foreign shareholder's 25% proportionate share and income tax rate of 20% gives rise to deferred tax liability of SAR530.4m as at 31 December 2023G.

Deferred tax liabilities on income tax

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Foreign shareholder's 25% proportionate share of the balance of temporary differences attributable to Property, plant and equipment:						
1 January	390.0	444.5	494.5	14.0%	11.2%	12.6%
Debited to profit or loss during the year	54.5	50.0	35.9	(8.4%)	(28.1%)	(18.8%)
31 December	**444.5**	**494.5**	**530.4**	**11.2%**	**7.3%**	**9.2%**

Source: MWSPC Financial Statements and Company Information

Please refer to section 1-5-1-11 for details on the calculation of deferred severance liabilities in 2023G.

4-5-2-4 Current liabilities

The following table presents the Company's current liabilities for the three years ended 31 December 2021G, 2022G and 2023G.

Current liabilities

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Projects, trade and other payables	801.8	861.8	1,038.3	7.5%	20.5%	13.8%
Accrued expenses	940.0	793.9	1,120.6	(15.5%)	41.2%	9.2%
Zakat and income tax payable	43.5	219.4	114.9	404.6%	(47.6%)	62.5%
Severance fee payable	18.1	8.0	4.6	(55.8%)	(42.9%)	(49.7%)
Due to shareholders	77.4	146.5	86.7	89.4%	(40.9%)	5.8%
Due to fellow subsidiaries	94.9	154.7	43.8	62.9%	(71.7%)	(32.1%)
Current portion of long-term borrowings	608.0	658.8	602.9	8.4%	(8.5%)	(0.4%)
Current portion of lease liabilities	17.4	17.8	15.0	2.6%	(16.0%)	(7.2%)
Current portion of other non-current liabilities	468.8	485.1	418.5	3.5%	(13.7%)	(5.5%)
Total current liabilities	**3,069.9**	**3,346.0**	**3,445.1**	**9.0%**	**3.0%**	**5.9%**

Source: MWSPC Financial Statements and Company Information

Current liabilities increased by 9.0% from SAR3,069.9m at 31 December 2021G to SAR 3,346.0m at 31 December 2022G. This was primarily due to higher zakat and income tax payables (which increased by SAR175.9m, or 404.6%) and increased balances due to shareholders and fellow subsidiaries (which increased by SAR128.9m, or 74.8%), all driven by the increased profits resulting from higher prices in 2022G.

Current liabilities increased further by 3.0% from SAR3,346.0m at 31 December 2022G to SAR3,445.1m at 31 December 2023G. This was due to higher project, trade and other payables (up by SAR176.5m, or 20%) and accrued expenses (up by SAR326.7m, or 41%).

4-5-2-4-1 Projects, trade and other payable

The following table presents the Company's year-end balances in projects, trade and other payables for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Projects, trade and other payables

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Projects	494.8	529.6	529.6	7.0%	-	3.5%
Trade	298.5	315.4	499.9	5.7%	58.5%	29.4%
Others	8.5	16.8	8.7	96.9%	(47.9%)	1.3%
Total	**801.8**	**861.8**	**1,038.3**	**7.5%**	**20.5%**	**13.8%**
Days payable outstanding ("**DPO**")	69	61	84	(11.9%)	38.5%	10.5%

Source: MWSPC Financial Statements and Company Information

Trade and other payables increased from SAR801.8m at 31 December 2021G to SAR861.8m at 31 December 2022G, and further increased to SAR1,038.3m at 31 December 2023G. This rise is principally due to the Company's increased activity, higher volumes, and greater plant utilisation, as detailed in the sales section. Increase in project payables at 31 December 2023G pertained to a swap transaction with MPC of SAR140m.

4-5-2-4-2 Accrued expenses

The following table presents the Company's year-end balances in accrued expenses for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Accrued expenses

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Projects	83.7	18.8	34.4	(77.6%)	83.5%	(35.9%)
Trade	823.3	708.9	1,029.0	(13.9%)	45.2%	11.8%
Others	33.0	66.2	57.1	100.9%	(13.7%)	31.7%
Total	**940.0**	**793.9**	**1,120.6**	**(15.5%)**	**41.2%**	**9.2%**

Source: MWSPC Financial Statements and Company Information

Accrued expenses decreased by 15.5% from SAR940.0m at 31 December 2021G to SAR793.9m at 31 December 2022G, and subsequently increased by 41.1% to SAR1,120.6m at 31 December 2023G. Increase in accrued expenses at 31 December 2023G pertained to delay in receipt of invoices from various government contractors, from Saudi Railways for transportation and for transmission costs.

4-5-2-4-3 Zakat and income tax payable

The following table presents the Company's year-end balances in Zakat and income tax payable for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Zakat and income tax payable

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR21G-23G
Zakat payable	35.9	116.3	88.2	224.2%	(24.2%)	56.8%
Income tax payable	7.6	103.1	26.7	1,256.1%	(74.1%)	87.5%
Total	**43.5**	**219.4**	**114.9**	**404.6%**	**(47.6%)**	**62.5%**

Source: MWSPC Financial Statements and Company Information

Please refer to 1-5-1-8 tax section in income statement for further details of the components of the zakat base calculation, calculation of zakat provision, adjusted income calculation for zakat and tax provision.

Zakat payable attributable to Saudi Arabian shareholders

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
1 January	-	35.9	116.3	n/a	224.2%	n/a
Total provision for zakat during the year	35.9	116.1	75.9	223.5%	(34.6%)	45.4%
Provision for zakat during the year	35.9	101.9	59.1	184.0%	(42.0%)	28.3%
Provision for the prior year		14.2	16.8	n/a	18.3%	n/a
Paid during the year	-	(35.6)	(104.0)	n/a	192.0%	n/a
Total	**35.9**	**116.3**	**88.2**	**224.2%**	**(24.2%)**	**56.8%**

Source: MWSPC Financial Statements and Company Information

The ZATCA and Ministry of Finance issued Ministerial Resolution no. 2216 dated 7/7/1440H, for the new zakat and income tax regulations which became effective from 1 January 2019G. Please refer to section 1-5-1-7 for details of the zakat provision for the fiscal years 31 December 2021G, 2022G, 2023G.

Income tax payable attributable for foreign shareholder

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
1 January	-	7.6	103.1	n/a	1,256.1%	n/a
Provision for income tax for the year	7.6	108.6	26.6	1,329.1%	(75.5%)	87.2%
Foreign shareholders' 25% proportionate share of the year income tax provision	7.6	108.6	26.7	1,329.1%	(75.4%)	87.5%
Oer provision for the prior year	-	-	(0.1)	n/a	n/a	n/a
Paid during the year	-	(7.5)	(103.0)	n/a	1,270.8%	n/a
Advance income tax payment	-	(5.6)	-	n/a	(100.0%)	n/a
Income tax payable attributable to foreign shareholder	**7.6**	**103.1**	**26.7**	**1,256.1%**	**(74.1%)**	**87.5%**

Source: MWSPC Financial Statements and Company Information

Income tax is payable at the rate of 20% by the foreign shareholder on their proportionate share of the Company's estimated taxable income. Please refer to section 1-5-1-10 for details of the income tax provision for the fiscal years 31 December 2021G, 2022G, 2023G.

Income tax (credit) / expense

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Accounting income for the year before zakat and income tax	1,015.5	3,784.8	1,292.1	272.7%	(65.9%)	12.8%
Income tax rate applicable to the Company	20.0%	20.0%	20.0%	-	-	-
Foreign shareholders' 25% proportionate share of the year income tax	25.0%	25.0%	25.0%	-	-	-
Income tax on foreign shareholder	**50.8**	**189.2**	**64.6**	**272.7%**	**(65.9%)**	**12.8%**
Tax effect of interest charges in excess of the allowable limit	11.8	-	(9.0)	(100.0%)	n/a	n/a
Tax effect of other differences	(1.4)	2.6	3.3	(278.2%)	28.2%	n/a
Total income tax expense for the year	**61.1**	**191.8**	**73.3**	**213.7%**	**(61.8%)**	**9.5%**

Source: MWSPC Financial Statements and Company Information

Status of final certificate and assessment

The Company has filed its zakat and income tax returns for the years 2014G through 2022G.

However, no final assessment has been issued by the ZATCA. The Company received provisional zakat and tax certificates for the years 2014G to 2022G.

4-5-2-4-4 Severance fees

Please refer to section 1-5-1-2 for details of the severance fee calculation for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

4-5-2-4-5 Due to shareholders

The following table presents the Company's year-end balances for due to shareholders for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Due to shareholders

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Ma'aden	72.6	146.5	85.7	101.9%	(41.5%)	8.6%
Mosaic	4.8	-	1.0	(100.0%)	n/a	(54.1%)
Total	**77.4**	**146.5**	**86.7**	**89.4%**	**(40.9%)**	**5.8%**

Source: MWSPC Financial Statements and Company Information

Due to shareholders comprise expenses charged by the shareholder to the Company such as marketing fees, allocation of head office shared services, cost of seconded employees and other costs.

Due to shareholders increased by 89.4% from SAR72.6m at 31 December 2021G to SAR146.6m primarily due to the higher marketing fees recognized in 2022G. These marketing fees are calculated as 4.5% of sales payable to the shareholders / marketing agents in lieu of facilitating the sales of the materials to end customers. These increased in line with the increased market prices.

Due to shareholders decreased by 41.5% from SAR146.5m at 31 December 2022G to SAR86.7m at 31 December 2023G. This reflects a decline in marketing fees recognized in the income statement by 31.6% from SAR444.1m in 2022G to SAR303.6m in 2023G as prices reduced in 2023G to more normal levels.

4-5-2-4-6 Due to fellow subsidiaries

The following table presents the Company's year-end balances for due to fellow subsidiaries for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Due to fellow subsidiaries

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Ma'aden Phosphate Company	89.9	140.5	33.3	56.3%	(76.3%)	(39.2%)
Ma'aden Aluminium Company	2.1	5.6	2.4	165.2%	(57.6%)	6.0%
Industrial Minerals Company	1.4	8.5	7.6	518.2%	(10.5%)	135.2%
Ma'aden Gold and Base Metal Company	-	0.0	0.0	n/a	0.3%	n/a
Ma'aden Infrastructure Company:	1.4	0.0	0.5	(98.7%)	2,739.8%	(40.1%)
Ma'aden Fertilizer Company	0.2	-	0.0	n/a	n/a	(77.2%)
Total	**94.9**	**154.7**	**43.8**	**62.9%**	**(71.7%)**	**(32.1%)**

Source: MWSPC Financial Statements and Company Information

Due to fellow subsidiaries mainly comprise expenses charged by fellow subsidiaries to the Company such as personnel and administration-related services charged by Ma'aden Phosphate Company ("**MPC**") to the Company, net product supplied or received by MPC under the Product Swap Agreement ("**PSA**") and raw material purchased of Kaolin from Industrial Minerals Company ("**IMC**").

Due to fellow subsidiaries increased by 62.9% from SAR94.9m at 31 December 2021G to SAR154.7m at 31 December 2022G, driven by higher payables to MPC due to increased personnel and administration related to services charged by MPC and a higher volume of net product received from MPC.

Due to fellow subsidiaries subsequently decreased by 71.7% from SAR154.7m at 31 December 2022G to SAR43.8m (despite higher production volumes) due to the timing of payments.

4-5-2-5 Equity

The following table presents the Company's equity for the three years ended 31 December 2021G, 2022G and 2023G.

Equity

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G
Share capital	7,942.5	7,942.5	7,942.5
Statutory reserve (transfer of net income)	35.8	144.6	184.5
Retained earnings	(756.9)	2,607.9	3,192.3
Total shareholders equity	**7,221.4**	**10,694.9**	**11,319.3**

Source: MWSPC Financial Statements

Total shareholder equity is mainly composed of the share capital of the Company, statutory reserve and retained earnings. Share capital amounted to SAR7,942.5m at 31 December 2021G and remained unchanged in 2022G and 2023G. The statutory reserve consists of transfer of income at 31 December 2021G, 2022G and 2023G corresponding to 4% of the net income for the year. In addition, retained earnings moved in line with net income in the same period. Refer to statement of changes in equity section 1-5-4 for further details.

4-5-2-5-1 Statement of changes in shareholders' equity

The following table presents the statement of changes in equity for the Company for financial year ended in December 2021G, 2022G and 2023G

Statement of changes in equity

SARm	Ma'aden	SABIC	Sub-total	Mosaic	Total
Share capital					
1 January 2022	4,765.5	1,191.4	5,956.9	1,985.6	7,942.5
31 December 2022	4,765.5	1,191.4	5,956.9	1,985.6	7,942.5
31 December 2023	**4,765.5**	**1,191.4**	**5,956.9**	**1,985.6**	**7,942.5**
Statutory reserve					
1 January 2022	21.5	5.4	26.8	8.9	35.8
Net income transferred to statutory reserve	65.3	16.3	81.6	27.2	108.8
31 December 2022	86.7	21.7	108.4	36.1	144.6
Net income transferred to statutory reserve	24.0	6.0	30.0	10.0	40.0
31 December 2023	**110.7**	**27.7**	**138.4**	**46.1**	**184.5**
Retained earnings					
1 January 2022	(438.4)	(109.6)	(548.0)	(208.9)	(756.9)
Net profit before zakat and income tax	2,270.9	567.7	2,838.6	946.2	3,784.8
Zakat	(92.8)	(23.2)	(116.1)	-	(116.1)
Income tax	-	-	-	(191.8)	(191.8)
Other comprehensive loss: Loss attributable to the re-measurements of employees' end of service termination benefits obligation for the year	(2.0)	(0.5)	(2.6)	(0.9)	(3.4)
Total comprehensive income for the year	**2,176.0**	**544.0**	**2,720.0**	**753.5**	**3,473.5**
Transfer of net income to statutory reserve	(65.3)	(16.3)	(81.6)	(27.2)	(108.8)
31 December 2022	**1,672.3**	**418.1**	**2,090.4**	**517.5**	**2,607.9**

SARm	Ma'aden	SABIC	Sub-total	Mosaic	Total
Net profit before zakat and income tax	775.3	193.8	969.1	323.0	1,292.1
Zakat	(60.7)	(15.2)	(75.9)	-	(75.9)
Income tax	-	-	-	(73.3)	(73.3)
Other comprehensive loss:	(118.3)	(29.6)	(147.8)	-	(147.8)
Gain attributable to the re-measurements of employees' end of service termination benefits obligation for the year	2.6	0.6	3.2	1.1	4.3
Total comprehensive income for the year	**598.9**	**149.7**	**748.6**	**250.8**	**999.4**
Transfer of net income to statutory reserve	(24.0)	(6.0)	(30.0)	(10.0)	(40.0)
Final dividend for the year ended 31 December 2022 of SAR 0.44 per ordinary share	(225.0)	(56.3)	(281.3)	(93.8)	(375.0)
31 December 2023	**2,022.2**	**505.6**	**2,527.8**	**664.5**	**3,192.3**
Total shareholders' equity					
31 December 2022	6,524.5	1,631.1	8,155.7	2,539.3	10,694.9
31 December 2023	**6,898.4**	**1,724.6**	**8,623.1**	**2,696.3**	**11,319.3**

Source: MWSPC Financial Statements

4-5-2-5-2 Share capital

The following table presents the share capital of the Company for the financial year ended in December 2021G, 2022G and 2023G.

Share capital

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Authorised share capital						
843,750,000 Ordinary shares with a nominal value of SAR 10 per share	8,437.5	8,437.5	8,437.5	-	-	-
Issued and partly paid up share capital						
843,750,000 Ordinary shares with a nominal value of SAR 10 per share partly paid up as at 31 December 2023 at approximately SAR 9.41 (SAR 9.41 per share and 31 December 2022: SAR 9.41) per share	7,942.5	7,942.5	7,942.5	-	-	-

Source: MWSPC Financial Statements and Company Information

The issued and partly paid-up share capital is distributed as follows:

Issued and partly paid-up share capital

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Ma'aden (60%)	4,765.5	4,765.5	4,765.5	-	-	-
SABIC (15%)	1,191.4	1,191.4	1,191.4	-	-	-
Saudi Arabian (75%)	**5,956.9**	**5,956.9**	**5,956.9**	**-**	**-**	**-**
Mosaic (25%)	1,985.6	1,985.6	1,985.6	-	-	-
Foreign (25%)	**1,985.6**	**1,985.6**	**1,985.6**	**-**	**-**	**-**
Total (100%)	**7,942.5**	**7,942.5**	**7,942.5**	**-**	**-**	**-**

Source: MWSPC Financial Statements and Company Information

4-5-2-5-3 Transfer of net income

The following table presents the transfer of net income of the Company for the financial years ended in December 2021G, 2022G and 2023G.

Transfer of net income

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
1 January	35.8	35.8	144.6	-	304.3%	101.1%
Transfer at 4% of net income for the year	-	108.8	40.0	n/a	(63.3%)	n/a
31 December	**35.8**	**144.6**	**184.5**	**304.3%**	**27.7%**	**127.2%**

Source: MWSPC Financial Statements and Company Information

Transfer of net income

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Ma'aden (60%)	21.5	86.7	110.7	304.3%	27.7%	127.2%
SABIC (15%)	5.4	21.7	27.7	304.3%	27.7%	127.2%
Saudi Arabian (75%)	**26.8**	**108.4**	**138.4**	**304.3%**	**27.7%**	**127.2%**
Mosaic (25%)	8.9	36.1	46.1	304.3%	27.7%	127.2%
Foreign (25%)	**8.9**	**36.1**	**46.1**	**304.3%**	**27.7%**	**127.2%**
Total (100%)	**35.8**	**144.6**	**184.5**	**304.3%**	**27.7%**	**127.2%**

Source: MWSPC Financial Statements and Company Information

In accordance with the Company's Articles of Association, the Company is required to establish a statutory reserve by apportioning 4% of its annual net income to the statutory reserve, until the statutory reserve equals or exceed 20% of the Company's paid up share capital. Such transfer is to be made on an annual basis and the statutory reserve so created is not available for dividend distribution.

4-5-2-5-4 Dividend approved

The following table presents the dividend approved for the Company for the financial years ended in December 2021G, 2022G and 2023G.

Dividend approved

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
A final dividend for the year ended 31 December 2022 of SAR 0.44 per ordinary share is approved and paid on 21 February 2023	-	375.0	-	n/a	(100.0%)	n/a
Total	**-**	**375.0**	**-**	**n/a**	**(100.0%)**	**n/a**

Source: MWSPC Financial Statements and Company Information

The board of managers recommended the payment of SAR 225,000,000 as final dividends out of the retained earnings as of 31 December 2023G to the shareholders and also approved at the Annual General Meeting of the shareholders on 21 February 2024G. These dividends were then paid in 2024G.

Please refer to the statement of changes in equity table presented above for a distribution of the dividend of SAR375.0m in 2023G.

4-5-2-6 Related party transactions and balances

The following table presents the related party transactions balances for the Company for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Related party balances

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Due from shareholders						
Ma'aden - Operational current account transactions	141.0	281.0	44.0	99.2%	(84.3%)	(44.1%)
Ma'aden - Trade receivable	597.2	865.6	922.5	44.9%	6.6%	24.3%
Sub-total	**738.2**	**1,146.6**	**966.5**	**55.3%**	**(15.7%)**	**14.4%**
SABIC	41.5	265.9	270.0	541.1%	1.5%	155.1%
Mosaic Phosphates B.V. - Trade receivable	200.0	275.9	250.4	38.0%	(9.3%)	11.9%
Mosaic Phosphates B.V. - Operational current account transactions	-	1.9	-	n/a	n/a	n/a
Total	**979.7**	**1,690.3**	**1,486.8**	**72.5%**	**(12.0%)**	**23.2%**
Due to shareholders						
Ma'aden - Allocation of head office shared services	72.6	146.5	85.7	101.9%	(41.5%)	8.7%
Mosaic Phosphates B.V. - Operational current account transactions	4.8	-	1.0	n/a	n/a	(54.1%)
Total	**77.4**	**146.5**	**86.7**	**89.4%**	**(40.8%)**	**5.9%**
Due from fellow subsidiaries						
Ma'aden Phosphate Company - Product transferred under PSA and SLA agreement	66.2	36.9	11.1	(44.2%)	(70.0%)	(59.1%)
Ma'aden Phosphate Company - Trade receivables under PSA	-	-	234.3	n/a	n/a	n/a
Sub-total	**66.2**	**36.9**	**245.4**	**(44.2%)**	**564.6%**	**92.5%**
Ma'aden Fertilizer Company	-	110.6	37.8	n/a	(65.8%)	n/a
Ma'aden Aluminum	-	0.0	5.8	n/a	n/a	n/a
Ma'aden Gold and Base Metal Company	-	-	0.0	n/a	n/a	n/a
Ma'aden Infrastructure Company:	-	-	0.0	n/a	n/a	n/a
Total	**66.2**	**147.5**	**289.0**	**122.8%**	**95.9%**	**108.9%**
Due to fellow subsidiaries						
Ma'aden Phosphate Company - Product transferred under PSA and under SLA agreement	89.9	140.5	33.3	56.3%	(76.3%)	(39.2%)
Ma'aden Phosphate Company - Trade payables under PSA	-	-	140.7	n/a	n/a	n/a
Sub-total	**89.9**	**140.5**	**174.0**	**56.3%**	**23.8%**	**39.1%**
Ma'aden Aluminum Company	2.1	5.6	2.4	165.2%	(57.6%)	6.0%
Industrial Minerals Company	1.4	8.5	7.6	518.2%	(10.5%)	135.2%
Ma'aden Gold and Base Metal Company	-	0.0	0.0	n/a	0.3%	n/a
Ma'aden Infrastructure Company:	0.2	0.0	0.5	(91.2%)	2,739.8%	57.7%
Maaden Fertilizer Company	1.4	-	-	(100.0%)	n/a	n/a
Total	**94.9**	**154.7**	**184.5**	**62.9%**	**19.3%**	**39.4%**

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Non-trade receivable - related to molten sulfur rebate to Aramco						
Saudi Aramco	215.4	313.5	96.2	45.5%	(69.3%)	(33.2%)
Trade payable to Saudi Aramco	-	-	-	n/a	n/a	n/a
Saudi Aramco	13.2	69.9	-	430.3%	n/a	n/a
Placement of time deposits with Saudi Arabian Mining Company	-	-	-	n/a	n/a	n/a
Time deposit with Ma'aden	-	504.1	234.0	n/a	(53.6%)	n/a

Source: MWSPC Financial Statements and Company Information

The related party balances are detailed explained in sections 1-5-2-2-1 due from shareholders, 1-5-2-2-2 due from fellow subsidiaries, 1-5-2-4-5 due to shareholders and 1-5-2-4-6 due to fellow subsidiaries.

The following table presents the Company's related-party transactions for the fiscal year's ended at 31 December 2021G, 2022G and 2023G.

Related party transactions

SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Sales made by the Company through marketer:						
Ma'aden, the parent company	4,011.8	6,173.5	3,857.9	53.9%	(37.5%)	(1.9%)
SABIC	1,061.5	2,135.3	1,693.6	101.2%	(20.7%)	26.3%
Mosaic	1,088.1	1,995.9	1,524.3	83.4%	(23.6%)	18.4%
Sales to a fellow subsidiary:				n/a	n/a	n/a
Ma'aden Phosphate Company	-	-	228.4	n/a	n/a	n/a
Expenses charged by the shareholders to the Company				n/a	n/a	n/a
Marketing fee for				n/a	n/a	n/a
Ma'aden, the parent company	264.2	264.2	165.3	-	(37.4%)	(20.9%)
SABIC	92.8	92.8	72.9	-	(21.4%)	(11.4%)
Mosaic	87.1	87.1	65.4	-	(25.0%)	(13.4%)
Deductible reimbursement by				n/a	n/a	n/a
Ma'aden, the parent company	408.4	408.4	350.1	-	(14.3%)	(7.4%)
SABIC	105.6	105.6	52.6	0.0%	(50.2%)	(29.5%)
Mosaic	58.1	58.1	71.8	-	23.5%	11.1%
Expenses charged by Ma'aden to the Company				n/a	n/a	n/a
Allocation of head office shared services charges by Ma'aden to the Company	104.5	104.5	83.2	-	(20.4%)	(10.8%)
Expenses charged by Mosaic to the Company				n/a	n/a	n/a
Cost of seconded employees, and other cost paid to The Mosaic Company	25.9	25.9	29.2	-	12.8%	6.2%
Expenses charged by fellow subsidiaries to the Company				n/a	n/a	n/a

SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Personnel and administration related services charged by MPC to the Company	131.1	131.1	195.6	-	49.2%	22.1%
Net product supplied to MPC under Product Swap Agreement	-	35.3	228.4	n/a	547.5%	n/a
Net product received from MPC under Product Swap Agreement	-	90.4	126.6	n/a	40.0%	n/a
Expenses charged by fellow subsidiaries to the Company				n/a	n/a	n/a
Raw material purchased of kaolin from IMC	27.5	27.5	33.1	-	20.2%	9.6%
Raw materials supply by Company to fellow subsidiaries to the Company						
Natural gas and power charged by Company to Ma'aden	110.6	-	-	(100.0%)	n/a	n/a
Fertilizer Company ("**MFC**")	-	110.6	119.4	n/a	7.9%	n/a
Raw materials supply by Saudi Aramco to the Company				n/a	n/a	n/a
Molten sulfur, natural gas, and diesel supplies by Aramco to the Company	1,658.2	1,658.2	633.0	-	(61.8%)	(38.2%)
Income made by the Company through time deposits				n/a	n/a	n/a
Income on time deposits from Maaden	-	51.1	162.4	n/a	217.9%	n/a
Employees' end of service termination benefits obligation transferred to a fellow subsidiary	-	0.4	17.7	n/a	4,511.5%	n/a

Source: MWSPC Financial Statements and Company Information

Related party transactions primarily consist of sales made by the Company through marketer for Ma'aden, SABIC and Mosaic (shareholders) and the fellow subsidiary Ma'aden Phosphate Company. Additionally, a marketing fee of 4.5%, as detailed in section 1-5-1-3 selling and marketing expenses, is charged by the shareholders.

4-5-2-7 Commitments and contingent liabilities

The following table displays the guarantees and letter of credit and capital expenditure contracted for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Guarantees and letter of credit

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 023G
Guarantee in favor of Saudi Aramco, for future diesel and gas feedstock supplies	55.3	115.1	117.3
Guarantee in favor of Ras Al-Khair Port, for land lease	-	30.9	30.9
Guarantee in favor of Jubail Commercial Port, for warehouse rental in Jubail	0.4	0.3	0.3
Guarantee in favor of Saudi Aramco, for future supply of molten sulfur	234.4	426.9	-
Letter of credit in favor of Ministry of Petroleum and Mineral Resources, for future purified phosphoric acid, fuel and feed stocks supplies	262.5	262.5	-
Letter of credit in favor of Andritz SAS, for future supply	8.5	-	-
Letter of credit in favor of Jordan Phosphate Mine, for future supply of concentrated rock	-	4.4	-
Total	**561.1**	**840.2**	**148.6**

Source: MWSPC Financial Statements

Additionally, the company has the following capital commitments:

Capital commitments

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G
Capital expenditure contracted for:			
Progress payment commitments in accordance with contractual obligation	207.6	68.8	36.6

Source: MWSPC Financial Statements Contingent liabilities

The Company has contingent liabilities from time to time with respect to certain disputed matters, including claims by and against contractors and lawsuits and arbitrations involving a variety of issues. These contingent liabilities arise out of the ordinary course of business. It is not anticipated that any material liabilities will be incurred as a result of these contingent liabilities. There are no material environmental obligations or decommissioning liabilities.

4-5-3 Cash flow statement

The following table displays the statement of cash flows of MWSPC for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Cash flow statement

SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Operating activities						
Profit before zakat and income tax	1,015.5	3,784.8	1,292.1	272.7%	(65.9%)	12.8%
Adjustments for non-cash flow items:						
Income from time deposits	(0.7)	(66.1)	(162.4)	9,010.1%	145.8%	(1,396.3%)
Finance costs	440.5	586.4	995.8	33.1%	69.8%	50.3%
Depreciation	1,307.2	1,321.3	1,361.5	1.1%	3.0%	2.1%
Mine properties written off	133.2	-	-	(100.0%)	n/a	n/a
Property, plant and equipment written off	142.6	0.7	8.9	(99.5%)	1,101.7%	(75.0%)
Gain on termination of lease contracts	0.3	-	-	(100.0%)	n/a	n/a
Amortization of intangible assets	-	1.7	6.1	n/a	261.6%	n/a
Provision for employees' end of service termination benefits	8.6	10.1	12.3	17.2%	22.6%	19.9%
Contribution for the employees' savings plan	3.0	4.5	5.2	48.9%	14.1%	30.4%
Provision for severance fee	18.1	8.5	2.0	(52.8%)	(76.7%)	(66.9%)
Non-cash employee benefits expense - shared based	-	-	0.9	n/a	n/a	n/a
Changes in working capital:						
Other non-current assets	(17.7)	5.6	0.5	(131.4%)	(91.2%)	n/a
Due from shareholder	(119.9)	(141.9)	238.9	18.4%	(268.4%)	n/a
Due to shareholder	36.6	69.2	(60.8)	88.8%	(187.8%)	n/a
Due from fellow subsidiaries	(54.7)	(81.3)	92.8	48.8%	(214.1%)	n/a
Due to fellow subsidiaries	61.8	59.7	(128.6)	(3.3%)	(315.3%)	n/a

SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Advances and prepayments	12.4	(55.6)	56.3	(548.9%)	(201.2%)	113.1%
Inventories	14.2	(6.6)	(399.2)	(146.4%)	5,973.0%	n/a
Trade receivable from shareholders	(581.8)	(777.0)	(132.2)	33.5%	(83.0%)	52.3%
Projects trade and other payables	74.6	25.2	176.5	(66.2%)	601.1%	53.8%
Accrued expenses	484.2	(81.2)	311.0	(116.8%)	(483.1%)	(19.9%)
Other non-current liabilities	(10.8)	92.8	(30.0)	(958.3%)	(132.3%)	(66.6%)
Employees' end of service termination benefits paid	(4.0)	(4.7)	(1.2)	18.3%	(73.4%)	43.9%
Employees' savings plan withdrawal	(1.4)	(1.8)	(0.9)	25.5%	(47.2%)	18.6%
Zakat and income tax paid	-	(48.8)	(207.0)	n/a	324.4%	n/a
Severance fee paid	-	(18.6)	(5.4)	n/a	(70.9%)	n/a
Finance costs paid	(370.0)	(556.1)	(962.6)	50.3%	73.1%	(61.3%)
Net cash generated from operating activities	**2,591.9**	**4,130.8**	**2,470.3**	**59.4%**	**(40.2%)**	**(2.4%)**
Investing activities						
Additions to mine properties	(9.9)	(10.4)	(19.6)	5.7%	87.8%	(40.9%)
Additions to mine propery, plant and equipment	(71.1)	-	-	(100.0%)	n/a	n/a
Additions to capital work-in-progress	(907.8)	(477.6)	(594.9)	(47.4%)	24.6%	19.0%
Additions to intangible assets	-	(19.0)	-	n/a	n/a	n/a
(Increase) / Decrease in time deposits	-	(2,515.0)	1,896.3	n/a	(175.4%)	n/a
(Increase) in restricted cash	(1.6)	(2.7)	(4.2)	69.7%	54.3%	(61.8%)
Income received from time deposits	0.7	30.6	182.8	4,120.1%	496.9%	1,487.1%
Projects and other payables – Projects	(336.6)	34.8	-	(110.3%)	n/a	n/a
Accrued expenses – Projects	19.9	(65.0)	15.7	(425.8%)	(124.1%)	(11.4%)
Net cash utilized in investing activities	**(1,306.3)**	**(3,024.3)**	**1,476.0**	**131.5%**	**(148.8%)**	**n/a**
Financing activities						
Repayment of long-term borrowings	(350.0)	(1,113.7)	(3,629.0)	218.2%	225.8%	(222.0%)
Repayment of lease liabilities	(28.1)	(21.1)	(20.8)	(24.8%)	(1.6%)	14.0%
Dividends paid	-	-	(375.0)	n/a	n/a	n/a
Net cash utilized in financing activities	**(378.1)**	**(1,134.9)**	**(4,024.8)**	**200.2%**	**254.7%**	**(226.3%)**
Net change in cash and cash equivalents	0.0	(0.0)	(0.0)	(103.1%)	176.9%	n/a
Unrestricted cash and cash equivalents at the beginning of the year	383.5	1,291.0	1,262.7	236.7%	(2.2%)	81.5%
Unrestricted cash and cash equivalents at the end of the year	**1,291.0**	**1,262.7**	**1,184.2**	**(2.2%)**	**(6.2%)**	**(4.2%)**

Source: MWSPC Financial Statements and Company Information

Non-cash flow transactions

SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Increase / (decrease) in mine properties and provision for decommissioning, site rehabilitation and dismantling	18.8	(71.5)	(55.5)	(479.6%)	(22.3%)	n/a
Transfer to mine properties from capital work-in-progress	-	407.2	34.2	n/a	(91.6%)	n/a
Transfer to property, plant and equipment from capital work-in-progress	-	925.5	555.4	n/a	(40.0%)	n/a
Recognition of plant dismantling asset and corresponding site rehabilitation and dismantling obligations	-	-	31.4	0	31.4	n/a
Recognition of plant dismantling asset and corresponding site rehabilitation and dismantling obligations	-	-	202.8	n/a	n/a	n/a
Recognition of right-of-use assets and corresponding lease liabilities	23.2	25.3	16.6	8.7%	(34.4%)	(15.5%)
Transfer to intangible assets from capital work-in-progress	-	-	35.5	n/a	n/a	n/a
Borrowing costs capitalized attributable to qualifying assets	11.5	16.5	17.9	43.4%	8.8%	24.9%
Amortization of transaction cost	67.1	38.7	38.0	(42.4%)	(1.8%)	(24.8%)
Employees' end of service termination benefits transferred to a fellow subsidiary	-	-	17.7	n/a	n/a	n/a
Employees' share-based payment plan	-	-	0.9	n/a	n/a	n/a

Source: MWSPC Financial Statements and Company Information

The unrestricted cash and cash equivalents balance at the end of the year decreased by 2.2% from SAR1,291.0m in 2021G to SAR1,262.7m in 2022G as cash generated from operations in 2022G of SAR4,130.8m was utilized to invest in SAR2,515.0m of time deposits and SAR1,113.7m of net repayments were made to of long-term borrowings. Other material cash outflows in 2022G included SAR477.6m spent on additions to CWIP.

The unrestricted cash and cash equivalents balance at the end of the year decreased further by 6.2% from SAR1,262.7m in 2022G to SAR1,184.2m in 2023G as cash generated from operations of SAR2,470.3m and redemption of time deposits of SAR1,896.3m were used to make SAR3,629.0m of net repayments to long term borrowings.

Net cash from operating activities

The Company reported positive operating cash flows in each of 2021G, 2022G and 2023G.

Net cash generated from operating activities increased by 59.4% from SAR2,591.9m in 2021G to SAR4,130.8m in 2022G largely driven by an increase in profit before zakat and income tax as a result of stronger business performance driven by higher sale prices of both DAP and ammonia. This increase was partially offset by an increase of SAR777.0m in trade receivables from shareholders which is in line with the increased sales over the same period.

Net cash inflows from operations subsequently decreased by 40.2% from SAR4,130.8m in 2022G to SAR2,470.3m in 2023G driven by reduced trading performance due to a reduction to normal levels of commodity prices for both DAP and ammonia.

Net cash from investing activities

Net cash flows from investing activities reduced from an outflow of SAR1,306.5m in 2021G to an outflow of SAR3,024.3m in 2022G. This was primarily driven by an investment of SAR2,515.0m in time deposits to generate returns from the excess cash held by the Company.

Net cash flows from investing activities increased from an outflow of SAR3,024.3m in 2022G to an inflow of SAR1,476m in 2023G. This was primarily driven by liquidation of the time deposits which released SAR1,896.3m of excess cash which was used to voluntarily repay some of the long-term borrowings.

Net cash from financing activities

Net cash flows from financing activities reduced from an outflow of SAR378.1m in 2021G to an outflow of SAR1,134.9m in 2022G driven by repayments of long-term borrowings. The most material repayments in 2022G related to the Public Pension Agency (SAR320.1m) and the Murabaha facility with Riyadh Bank (SAR331.2m), both of which had no repayments in 2021G.

Net cash flows from financing activities reduced further to an outflow of SAR4,024.8m in 2023G driven by higher repayments of long-term borrowings in each of the facilities held due to voluntary repayments made to financial lenders in 2023G. These voluntary repayments were also made due to the material increase in the SIBOR base rate in KSA in 2022G and 2023G. Additionally, a dividend of SAR375.0m was approved and paid on 21 February 2023G, which was the only payment of dividends made between 2021G and 2023G.

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5. Legal Information

5-1 Declarations of Ma'aden's Directors

Ma'aden's Directors do hereby declare as follows:

1- The Transaction does not violate the relevant laws and regulations in the KSA.

2- The issuance of the Consideration Shares does not violate any of the contracts or agreements to which Ma'aden is a party.

3- This Section includes all the material legal information related to the Transaction documents which Ma'aden's shareholders must take into account in order to vote in an informed manner.

4- There is no other material legal information in this Section, the omission of which would cause the other statements to become misleading.

5-2 Legal Information of the Transaction

5-2-1 Summary of the legal structure of the Transaction

The Transaction will be completed by the acquisition by Ma'aden of 100% of the shares owned by Mosaic Phosphates (and the Guarantor's Marketing Rights) in MWSPC, which are two hundred and ten million and nine hundred and thirty seven thousands and five hundred (210,937,500) ordinary share with a nominal value of SAR (10) per share, by increasing the share capital of Ma'aden in accordance with Article (60) of the OSCOs and issuing 111,012,433 (one hundred eleven million twelve thousand four hundred thirty three) new ordinary shares, with nominal value of SAR 10 per share, in Ma'aden to Mosaic Netherlands through the Capital Increase.

These shares will be issued by way of increasing the share capital of Ma'aden by (3.01%) from SAR 36,917,734,380 (thirty six billion and nine hundred and seventeen million and seven hundred and thirty four thousands and three hundred and eighty Saudi Riyals) to SAR 38,027,858,710 (thirty-eight billion twenty-seven million eight hundred fifty-eight thousand seven hundred ten Saudi Riyals) and increasing the number of Ma'aden's shares from 3,691,773,438 (three billion and six hundred and ninety one million and seven hundred and seventy three thousands and four hundred and thirty eight) ordinary shares to 3,802,785,871 (three billion eight hundred two million seven hundred eighty-five thousand eight hundred seventy-one) ordinary shares.

Upon the Transaction Completion, the current Ma'aden's Shareholders will own (97.080760%) of Ma'aden's share capital after the Capital Increase and Mosaic Netherlands will own (2.919240%%) of Ma'aden's share capital.

The 25% stake in MWSPC together with the Guarantor's marketing rights has a valuation of SAR 5,624,999,980 (five billion six hundred and twenty-four million nine hundred ninety-nine thousand nine hundred eighty Saudi Riyals). Based on this valuation, the Transaction consideration will consist in issuing new shares in Ma'aden with a total nominal value of SAR 1,110,124,330 (one billion and one hundred and ten million and one hundred and twenty-four thousand and three hundred and thirty Saudi Riyals). The total market value of the Consideration Shares is SAR 5,624,999,980 (five billion and six hundred and twenty-four million and nine hundred and ninety-nine thousand and nine hundred and eighty Saudi Riyals) based on the agreed 90-day VWAP of SAR (50.67) per share of Ma'aden's share as of 15/10/1445H (corresponding to 24/04/2024G). The total value of the Consideration Shares (as will be recorded in the consolidated financial statements of Ma'aden) will be determined based on the closing price of Ma'aden's share at the last trading day prior to the date of the Transaction Completion.

As the final Exchange Ratio is an integer, Mosaic Netherlands will have no fractions of shares.