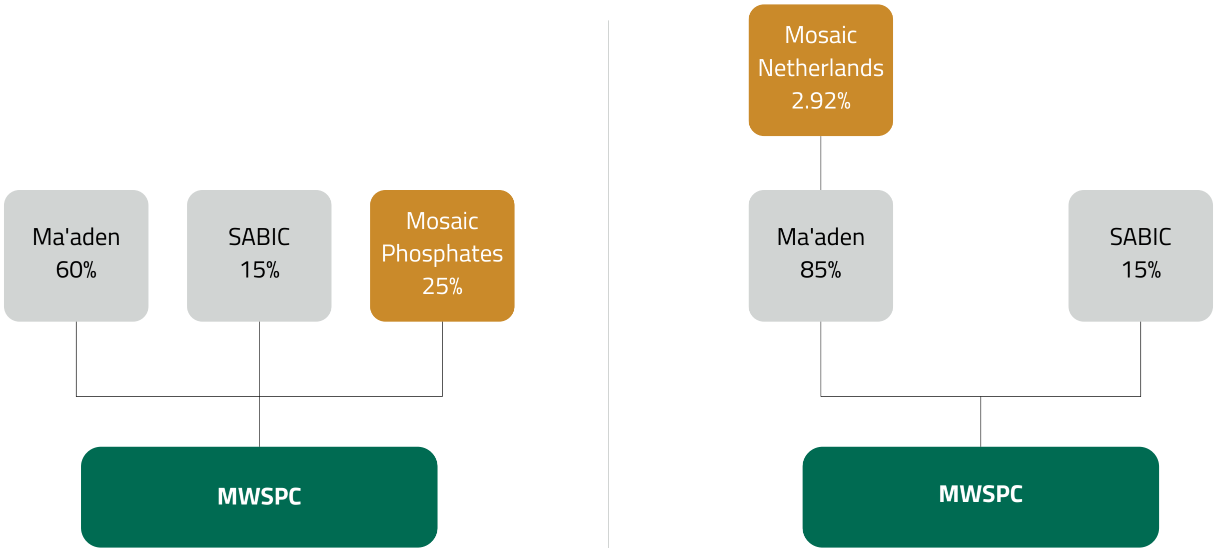
The diagram below is a simplified description of the structure of Transaction:

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



5-2-2 Approvals Required for Transaction Completion

5-2-2-1 Government Approvals

A number of regulatory approvals must be obtained for the purposes of the Transaction Completion as follows:

a- To the extent required by applicable law or requested by the General Authority for Competition ("**GAC**"), approval by the GAC including by way of a non-objection letter from the GAC with respect to any economic concentration arising from the Transaction.

b- Approval by the CMA on the Capital Increase, the issuance of the Consideration Shares, and the publication of this Circular.

c- Approval of the Saudi Exchange (Tadawul) on the listing of Consideration Shares on the Saudi Exchange.

d- Approval by the Ministry of Industry and Mineral Resources on the change of ownership in MWSPC as a result of the Transaction.

e- 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.

f- Approval of MOC 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.

g- Cancellation by MISA of the foreign investment license of MWSPC and the issuance by the Ministry of Investment with effect from the Transaction Completion of a national company certification or resolution showing that Mosaic Phosphates has ceased to be a shareholder of MWSPC.

h- Receipt of written consent from the Ministry of Industry and Mineral Resources in Saudi Arabia required pursuant to Ministerial Order dated 21 July 2014 for the transfer of mining license no. 42 dated 1/7/1427 H (corresponding to 26/07/26G) to MWSPC.

i- Approval by CMA to convene Ma'aden's Transaction EGM, the date and time of such EGM shall be posted on Saudi Tadawul's website.

Except for the approval of MOC on the proposed amendments to Ma'aden's bylaws, Ma'aden's commercial registration certificate and MWSPC's articles of association to reflect the Transaction, the approval of MISA to cancel the foreign investment license of MWSPC and its issuance of a national company certification or resolution as a result of the Transaction and the approval by the Ministry of Industry and Mineral Resources on the change of ownership in MWSPC, all other governmental approvals listed above have been obtained.

5-2-3 EGM Approval

The Transaction is also conditional upon obtaining approval of Ma'aden's EGM on the Acquisition Resolution with the required majority representing at least three-quarters (75%) of the voting rights represented in Ma'aden EGM.

Ma'aden will submit an application to the CMA to obtain its approval to convene Ma'aden's Transaction EGM shortly after publication of this Circular. Following the CMA approval, Ma'aden will publish the invitation for the Transaction EGM.

Ma'aden's EGM shall be valid if attended by shareholders representing at least half of Ma'aden's share capital. If the required quorum for holding this meeting is not present, a second meeting shall be held after one hour from the expiry of the time specified for holding the first meeting (provided that the first meeting invitation shall indicate that a second meeting may be held after one hour from the expiry of the time specified for holding the first meeting if the required quorum for holding this meeting is not present). The second meeting shall be valid if attended by shareholders representing at least one quarter of the capital. In case the required quorum is not met in the second meeting, Ma'aden shall apply to the CMA to obtain its approval to hold a third EGM. Once such approval is obtained, Ma'aden will publish the invitation to the EGM, and the EGM will be held after a period of no less than twenty-one (21) days from the invitation publication date. The third meeting shall be valid regardless of the number of shares represented therein.

All shareholders, who are registered in Ma'aden's shareholder register at the end of trading day of the Transaction EGM, shall be entitled to attend the EGM. The shareholder shall be able to attend and vote on the agenda (whether in person, by proxy or via remote/ electronic voting), pursuant to the relevant procedures in this regard.

Votes in the EGM shall be calculated on the basis of one vote per share. The shareholder who is unable to attend the EGM (whether in person, by proxy or via remote/ electronic voting) will lose his right to vote in the EGM and the votes associated with his shares will not be taken into consideration.

5-2-4 The Transaction Completion

Following the approval of Ma'aden's Shareholders on the Acquisition Resolution, the Acquisition Resolution shall be effective. As a result, Ma'aden will issue the Consideration Shares to Mosaic Netherlands.

5-2-5 Summary of the SPSA

On 20/10/1445H (corresponding to 29/04/2024G), Ma'aden has entered into the SPSA with 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, whereby they agreed to the terms and conditions of the Transaction and obligations of both companies in relation to the Transaction Completion. The SPSA contains representations and warranties given by each company to the other. 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.

The Transaction is subject to the approval of Ma'aden's Shareholders. For more information on shareholders voting in the EGM, please see Section (5-2-2) ("**Approvals required for Transaction Completion**").

5-2-5-1 SPSA Terms and Conditions

The SPSA includes a number of binding terms and conditions that must be satisfied to complete the Transaction. Ma'aden and Mosaic Phosphates have committed to seeking to fulfill the terms and conditions as soon as possible and to coordinate with each other in this regard. Ma'aden and Mosaic Phosphates have also agreed that none of such terms and conditions may be amended or waived without a written consent from the applicable party or parties. The below is a summary of those terms and conditions:

1- Obtaining the approval of the CMA regarding the Capital Increase and this circular.
2- Obtaining the approval of the Saudi Stock Exchange (Tadawul) to list the Consideration Shares resulting from the Capital Increase.
3- Obtaining the approval of the extraordinary general assembly of Ma'aden, in accordance with Ma'aden's bylaws and the provisions of the Companies Law and the Rules on the Offer of Securities and Continuing Obligations.
4- No governmental or regulatory authority in Saudi Arabia having enacted any law, order, injunction, judgment or decree to prohibit the Transaction or make it illegal.
5- All warranties of Ma'aden, Mosaic Phosphates and Guarantor being true and accurate as of the Transaction Completion.
6- The warranties given by Ma'aden being true and accurate as of the date of the Transaction Completion.

7- The warranties given by Mosaic Phosphates being true and accurate as of the date of the Transaction Completion.
8- Obtaining a non-objection letter from the GAC with respect to any economic concentration arising from the Transaction.
9- Obtaining the approval of the Ministry of Commerce on the proposed amendments to Ma'aden's bylaws and Ma'aden's commercial registration certificate to reflect the Transaction, as well as the approval of the Ministry of Commerce on the proposed amendments to MWSPC's articles of associations.
10- Approval by the Ministry of Industry and Mineral Resources on the change of ownership in MWSPC as a result of the Transaction, which shall be obtained after the Transaction Completion.
11- 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.
12- Obtaining the approval of SIDF on the Transaction pursuant to certain facility agreements entered into between SIDF and MWSPC, which has been obtained on 09/10/1445H (corresponding to 18 April 2024G).
13- Receipt of any consents, permits or other licenses that may be required by any authorities or governmental entities for the purpose of the Transaction, if necessary.
14- Ma'aden (or affiliate thereof) and Mosaic Phosphates having entered into an MAA in the agreed form as of the date of this Circular, which will be entered into before Transaction Completion and shall be effective upon the Transaction Completion.
15- Ma'aden and Mosaic Phosphates (or affiliate thereof) and MWSPC having entered into the TSA in the agreed form as of the date of this Circular, which will be entered into before Transaction Completion and shall be effective upon the Transaction Completion.
16- Ma'aden and Mosaic Phosphates having entered into the Supply Agreement, which will be entered into before Transaction Completion to become effective upon the Transaction Completion.
17- Ma'aden receiving written evidence of the resignation of Mosaic Phosphates' nominated directors from the board of directors of MWSPC, which will be obtained before the Transaction Completion to become effective upon the Transaction Completion.
18- No material adverse change with respect to MWSPC having occurred.
19- No material adverse change with respect to Ma'aden having occurred.

5-2-5-2 Warranties

Both Ma'aden and Mosaic Phosphates have provided fundamental warranties with respect to being duly incorporated and organised, having the authority to enter into a binding agreement, the obligations under the SPSA being valid and binding, the execution of the SPSA not being a violation of applicable law, the respective parties not being insolvent and there being no brokers.

In addition to these warranties, Ma'aden has provided warranties that the Consideration Shares shall be duly authorised and validly issued, and that other than the SPSA, there is no other agreement with respect to the share, transfer, redemption or repayment of capital of Ma'aden.

Mosaic Phosphates has provided additional warranties with respect to its shares in MWSPC being validly transferred at Completion, that the Seller is to sole legal owner of its shares in MWSPC and has the full right to receive the sole economic benefit of the shares and has the right to exercise all voting rights of its shares in MWSPC except as provided in MWPSC's SHA, there are no encumbrances on its shares in MWSPC, and certain tax warranties with respect to its shares in MWSPC.

The Guarantor has provided fundamental warranties to Ma'aden in a similar nature to those provided by Ma'aden and Mosaic Phosphates to each other.

5-2-5-3 Indemnities

Mosaic Phosphates shall indemnify Ma'aden for all taxes incurred by Ma'aden or MWSPC with respect to Mosaic Phosphates' ownership of its shares in MWSPC from the date of incorporation of MWSPC to the Transaction Completion, provided that such taxes are not due to the manifest error of Ma'aden in preparing historic tax returns for Mosaic Phosphates and MWSPC and are referable only to Mosaic Phosphates' shareholding in MWSPC.

Additionally, Mosaic Phosphates shall indemnify Ma'aden for up to 25% of any losses actually paid by MWSPC as a result of any final settlement of the ongoing claims and disputes to which MWSPC is subject, provided that the maximum amount of such indemnity will be an aggregate amount equal to 25% of USD 455,000,000 or its equivalent as stipulated in the SPSA. Mosaic Phosphates would also be entitled to up to 25% of any net award in favour of MWSPC as a result of any final settlement of the ongoing claims and disputes to which MWSPC is subject, subject to a cap set forth in the SPSA.

5-2-5-4 Lock-Up Periods

Pursuant to the SPSA, Mosaic Netherlands will be subject to a lock-up period of no less than three (3) years and up to five (5) years commencing from the Transaction Completion, during which 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, which shall be granted based on Ma'aden's discretion as provided in the SPSA and in accordance with the applicable laws and regulations, 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**").

5-2-5-5 Termination of the SPSA

Ma'aden has the right to terminate the SPSA if the warranties provided by Mosaic Phosphates or the Guarantor are untrue or inaccurate or if Mosaic Phosphates or the Guarantor are in material breach of their covenants under the SPSA, and that such warranties breach or covenants breach are not cured within thirty (30) days of Ma'aden providing notice to Mosaic Phosphates and/or the Guarantor.

Additionally, Ma'aden has the right to terminate the SPSA if there is a MWSPC material adverse change (as defined in the SPSA) or if any authority (as defined in the SPSA) has prohibited Completion or made it illegal.

Mosaic Phosphates has the right to terminate the SPSA if Ma'aden's warranties are untrue or inaccurate or if Ma'aden is in material breach of its covenants under the SPSA, and that such warranties breach or covenants breach is not cured within thirty (30) days of Mosaic Phosphates providing notice to Ma'aden.

Additionally, Mosaic Phosphates has the right to terminate the SPSA if there is a Ma'aden material adverse change (as defined in the SPSA) or if any authority (as defined in the SPSA) has prohibited Completion or made it illegal.

5-2-6 Other Agreements

In addition to the SPSA, Ma'aden, Mosaic Phosphates, Mosaic Company, and MWSPC (as applicable) will enter into the Transaction Agreements in relation to the Transaction at the Transaction Completion.

Upon the Transaction Completion, Ma'aden and Mosaic Global Sales, LLC, a limited liability company based in the United States of America, a subsidiary of Mosaic Company, will enter into a supply agreement (the "**Supply Agreement**"). Under such agreement, Ma'aden shall sell and deliver fertilizer products, on a cost, insurance and freight basis, to Mosaic Global Sales, LLC in Brazil, India or the United States of America, for a term of three (3) years commencing on the Transaction Completion date and expiring on 31/12/2027G subject to renewal by written agreement from both parties.

Ma'aden will also enter into a Transitional Services Agreement upon the Transaction Completion with Mosaic Phosphates and MWSPC (the "**TSA**"). Under the TSA, Mosaic Phosphates shall provide to MWSPC, Ma'aden or any of its subsidiaries principally involved in the phosphates business in the KSA, as the case may be, certain transitional services such as, among other things, environmental, social and governance expertise and advice on best practices in several areas including capital deployment, turnarounds, maintenance and reliability of the plants and workflow. The TSA comes into force upon the Transaction Completion and shall continue in effect until the later of: (i) a period of five years after its effective date; or (ii) the date that Mosaic Netherlands cease to own the 111,012,433 new ordinary shares in Ma'aden.

Pursuant to the TSA, the obligation of Mosaic Phosphates to provide these services to Ma'aden or any of its subsidiaries, as aforementioned, shall immediately terminate should Ma'aden no longer own more than 50% of the equity interests in MWSPC.

Furthermore, MWSPC (as the producer), have previously entered into a Product Marketing Agreement dated 24/06/1435H (corresponding to 24/04/2014G) with Mosaic Company (as the marketer) whereby Mosaic Company shall promote the phosphate products produced by MWSPC's plant located in Ras Al-Khair, KSA, and sell them to customers other than those located in the GCC States for a term of five years commencing on the later of: (i) the date falling 90 days after mechanical completion of the plant in accordance with its construction contract; or (ii) the date on which the plant has commenced commercial production of the phosphate products, subject to a two-year extension upon written notice to MWSPC at least one year prior to the conclusion of the five (5) year term (the "**PMA**").

In addition, the PMA defined the annual contract quantity, as the annual plant quantity less the GCC sales quantity, which the marketer will market and sell pursuant to the terms of the PMA. In respect of the quantity itself, the PMA further stipulates that not less that ninety (90) days before the start of each contract year, the producer shall notify the marketer of: (i) its estimate of the available total annual plant quantity for the contract year, (ii) its estimate of the GCC sales quantity (iii) its estimate of the annual contract quantity, (iv) the anticipated dates and duration of any planned maintenance periods during the relevant contract year.

Moreover, the parties have agreed on the marketing fee being the equivalent of (4.5%) of the actual net price, the marketer shall be entitled to deduct the amount of the marketing fee from the transfer of the sale of proceeds to the producer, and the marketing fee shall be subject to adjustment on a quarterly basis, pursuant to the terms of the PMA.

Pursuant to the PMA, Mosaic Company shall discontinue marketing of the phosphate products should it cease to hold its equity shareholding in MWSPC and following a 30 day period from receiving written notice from MWSPC relaying such event. However, in case a contract with Mosaic Company's customer is valid for more than 30 days from the date of the aforementioned written notice, the rights and obligations under such agreement shall be novated to MWSPC.

Upon the Transaction Completion, Mosaic Company, Ma'aden and MWSPC will enter into a Marketing Assignment Agreement ("**MAA**") wherein Mosaic Company will transfer all of its liabilities, duties and obligations along with its rights and interest in the PMA to Ma'aden. The obligations of the parties accrued prior to the date of the agreement shall remain with the respective parties.

Additionally, MWSPC (as the producer) and Mosaic Company (as the marketer) have entered into a Fertilizer Product Marketing Agreement dated 24/06/1435H (corresponding to 24/04/2014G) whereby, as is the case under the PMA, Mosaic Company shall promote and sell the phosphate products produced by MWSPC's plant located in Ras Al-Khair, KSA (the "**FMA**"). However, unlike the PMA, such services are only limited to 25% of the phosphates products. The agreement has a term mirroring that of the MWSPC's SHA and the extensions thereon, commencing on the later of: (i) the date falling 90 days after mechanical completion of the plant in accordance with its construction contract; or (ii) the date on which the plant has commenced commercial production of the phosphate products. Pursuant to the PMA, the quantity of phosphate products available to Mosaic Company shall be determined or adjusted proportionately, as applicable, based on its equity interest in MWSPC.

Moreover the FMA defined the annual contract quantity as the actual total quantity of products which the marketer will market and sell pursuant to the terms of the FMA, which amount shall initially be equal to (25%) of the annual plant quantity. Pursuant to the FMA, the producer shall make the annual contract quantity available to the marketer, and the marketer shall use its best efforts to market and sell the annual contract quantity to customers, and in the event of the marketer's percentage equity shareholding in the producer is adjusted, the annual contract quantity of products available to the marketer shall be adjusted accordingly to be equivalent to the marketer's new percentage equity shareholding in the producer.

Moreover, the parties have agreed on the marketing fee being the equivalent of (4.5%) of the actual net price, the marketer shall be entitled to deduct the amount of the marketing fee from the transfer of the sale of proceeds to the producer, and the marketing fee shall be subject to adjustment on a quarterly basis, pursuant to the terms of the FMA. Similarly to the PMA, Mosaic Company, Ma'aden and MWSPC will enter into an MAA upon the Transaction Completion, wherein Mosaic Company will transfer all of its liabilities, duties and obligations along with its rights and interest in the FMA to Ma'aden. The obligations of the parties accrued prior to the date of the agreement shall remain with the respective parties.

5-3 Lawsuits and claims against Ma'aden

There is no lawsuit or claim (including any pending or threatened lawsuit) that could have a material effect on Ma'aden's business and subsidiaries or its financial position.

5-4 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**").

5-5 Bankruptcy

None of Ma'aden's Directors, Senior Executives, or board secretary have been subject to bankruptcy.

5-6 Insolvency

In addition, during the last five years, none of Ma'aden's Directors, Senior Executives, or board secretary have ever been appointed by any insolvent company in an administrative or supervisory position.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6. Experts' statements

The advisors and independent auditor mentioned in the Section ("**Corporate Directory**") 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 this Circular (as applicable). The Market Data Provider does not have any shares or interest of any kind in Ma'aden or its subsidiaries.

7. Expenses

Ma'aden's costs related to the Transaction Completion 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, the Market Data Provider, and other advisors, in addition to the charges due to government entities, marketing expenses, printing and distribution costs and other costs related to the Transaction. It should be noted that the amount of the above costs and expenses does not include any other costs related to the business after the Transaction Completion.

8. Waivers

A waiver has been obtained from the CMA from the requirements of Article (60)(2) of the OSCOs in relation to Ma'aden's submission to the CMA of a financial due diligence report and a legal due diligence report issued by its relevant advisors – each within their field of competence – on MWSPC.

9. Documentation available for inspection

Ma'aden shall make the following documentation available for inspection at its headquarters from (9 a.m.) to (4 p.m.) during working days from the date of publication of this Circular until the EGM date (which shall not be less than (14) days prior to the date of the EGM):

1- A copy of MWSPC's articles of association and any amendments thereto.

2- A copy of the SPSA.

3- A copy of MWSPC's 2021G Financial Statements, 2022G Financial Statements and 2023G Financial Statements.

4- Ma'aden's unaudited pro forma consolidated financial information for the year ended 31 December 2023G for the purpose of the Transaction.

5- Valuation Report issued by the financial advisor.

6- Advisors' consent letters of approval of using their names, logos, and statements (as applicable) in this Circular.

Appendix (1)

MWSPC's 2021G Financial Statements, 2022G Financial Statements and 2023G Financial Statements

(A Saudi Arabian limited liability company)

Financial statements for the year ended
31 December 2021

MA'ADEN WA'AD AL SHAMAL PHOSPHATE COMPANY
(A Saudi Arabian limited liability company)
Financial statements for the year ended 31 December 2021

Contents

MA'ADEN WA'AD AL SHAMAL PHOSPHATE COMPANY
(A Saudi Arabian limited liability company)
Administration and contact details as at 31 December 2021

Commercial registration number	3451002631	
Board of Managers	Engr. Ali Saeed Al-Qahtani	Chairman
	Engr. Abdulaziz Nasser Al-Najim	
	Engr. Hamad Meatiq Al-Rashidi	
	Mr. Ibrahim Al-Amer	
	Engr. Walter Precourt III	
	Mr. Mark Isaacson	
	Engr. Yazzeed Al-Angari	
Registered address	Road 12, Umm Wu'al Project Turaif 91411 Kingdom of Saudi Arabia	
Postal address	P.O.Box 202 Turaif 91411 Kingdom of Saudi Arabia	
Bankers	Banque Saudi Fransi BNP Paribas	
Auditors	PricewaterhouseCoopers 19th Floor, Al Hugayet Tower, King Abdul Aziz Street P.O.Box 467, Dhahran Airport Al-Khobar 31952 Kingdom of Saudi Arabia	

MA'ADEN WA'AD AL SHAMAL PHOSPHATE COMPANY
(A Saudi Arabian limited liability company)
Statement of Managers' responsibilities for the preparation and approval of the financial statements for the year ended 31 December 2021

The following statement, which should be read in conjunction with the independent auditor's responsibilities stated in the independent auditor's report, set out on page 3 and 4, is made with a view to distinguish the responsibilities of the Board of Managers and those of the independent auditors in relation to the financial statements of Ma'aden Wa'ad Al Shamal Phosphate Company (the "Company").

The management is responsible for the preparation of the financial statements that present fairly the financial position of the Company as at 31 December 2021, its financial performance, changes in shareholders' equity and cash flows for the year then ended, 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").

In preparing the financial statements, the management is responsible for:

- selecting suitable accounting policies and applying them consistently,
- making judgments and estimates that are reasonable and prudent,
- stating whether IFRS as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by SOCPA, have been followed, subject to any material departures disclosed and explained in the financial statements and
- preparing and presenting the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue its business for the foreseeable future.

The management is also responsible for:

- designing, implementing and maintaining an effective system of internal controls throughout the Company,
- maintaining statutory accounting records in compliance with local legislation and IFRS in the respective jurisdictions in which the Company operates,
- taking steps to safeguard the assets of the Company and
- detecting and preventing fraud and other irregularities.

The financial statements for the year ended 31 December 2021 set out on pages 5 to 72, were approved and authorized for issue by the Board of Managers on 10 February 2022 and signed on its behalf by:

Engr. Ali Saeed Al-Qahtani
Chairman of the Board

for

Mr. Mohammed Essa Marwahi
President

9 Rajab 1443H
10 February 2022
Turaif City
Kingdom of Saudi Arabia

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Independent auditor's report to the shareholders of Ma'aden Wa'ad Al Shamal Phosphate Company

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ma'aden Wa'ad Al Shamal Phosphate Company (the "Company") as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

What we have audited

The Company's financial statements comprise:

- the statement of profit or loss and other comprehensive income for the year ended 31 December 2021;
- the statement of financial position as at that date;
- the statement of changes in shareholders' equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the code of professional conduct and ethics, endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of management and those charged with governance for the financial statements

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

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

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

PricewaterhouseCoopers, License No. 25,
Al Hugayet Tower, P.O. Box 467, Dhahran Airport 31932, Kingdom of Saudi Arabia
T: +966 (13) 849-6311, F: +966 (13) 849-6281, www.pwc.com/middle-east

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Independent auditor's report to the shareholders of Ma'aden Wa'ad Al Shamal Phosphate Company (continued)

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

PricewaterhouseCoopers

Bader I. Benmohareb
License Number 471

24 February 2022

MA'ADEN WA'AD AL SHAMAL PHOSPHATE COMPANY
(A Saudi Arabian limited liability company)
Statement of profit or loss and other comprehensive income for the year ended 31 December 2021
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year ended 31 December 2021	Year ended 31 December 2020
Sales	5	**6,161,429,626**	3,361,495,563
Cost of sales	6	**(4,230,205,310)**	(3,743,503,543)
Gross profit / (loss)		**1,931,224,316**	(382,007,980)
Operating expenses			
Selling, marketing and logistic expenses	7	**(314,541,310)**	(209,888,670)
General and administrative expenses	8,	**(140,121,944)**	(165,384,620)
Operating profit / (loss)		**1,476,561,062**	(757,281,270)
Other income / (expenses)			
Income from time deposits	9	**725,545**	2,114,540
Finance cost	10	**(440,524,635)**	(592,411,172)
Other expenses		**(21,296,654)**	(4,555,272)
Profit / (loss) before zakat and income tax		**1,015,465,318**	(1,352,133,174)
Zakat	32.3	**(35,869,915)**	1,393,491
Income tax	32.4	**(7,600,358)**	-
Deferred tax (charge) credit	15, 32.5	**(53,534,493)**	38,542,962
Profit / (loss) for the year		**918,460,552**	(1,312,196,721)
Other comprehensive income / (loss)			
Items that will not be reclassified to profit or loss in subsequent years			
Loss attributable to the re-measurements of employees' end of service termination benefits obligation	29.1	**(1,846,166)**	(2,868,035)
Other comprehensive loss for the year		**(1,846,166)**	(2,868,035)
Total comprehensive income / (loss) for the year		**916,614,386**	(1,315,064,756)

MA'ADEN WA'AD AL SHAMAL PHOSPHATE COMPANY
(A Saudi Arabian limited liability company)
Statement of financial position as at 31 December 2021
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	31 December 2021	31 December 2020
Assets			
Non-current assets			
Mine properties	11	**3,093,347,100**	3,359,946,501
Property, plant and equipment	12	**19,744,318,693**	20,934,943,392
Right-of-use assets	13	**29,783,392**	32,779,466
Capital work-in-progress	14	**1,721,051,595**	801,779,312
Deferred tax assets	15.1	**417,892,674**	416,911,287
Other non-current assets	16	**23,004,519**	9,896,014
Total non-current assets		**25,029,397,973**	25,556,255,972
Current assets			
Current portion of long-term employees' homeowner's receivable	16	**10,643,415**	6,076,951
Due from shareholder	17.1	**141,022,271**	21,166,816
Due from fellow subsidiaries	18.1	**66,215,420**	11,558,943
Advances and prepayments	19	**1,139,490**	13,531,194
Inventories	20	**1,243,924,154**	1,258,096,379
Trade and other receivables	21	**1,082,511,858**	500,678,904
Cash and cash equivalents	22	**1,299,586,856**	390,420,893
Total current assets		**3,845,043,464**	2,201,530,080
Total assets		**28,874,441,437**	27,757,786,052
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	23	**7,942,501,875**	7,942,501,875
Statutory reserve			
Transfer of net income	24	**35,755,763**	35,755,763
Accumulated loss		**(756,863,564)**	(1,673,477,951)
Net shareholders' equity		**7,221,394,074**	6,304,779,687
Liabilities			
Non-current liabilities			
Long-term borrowings	25.2	**17,849,114,887**	18,381,613,269
Provision for decommissioning, site rehabilitation and dismantling obligations	26	**129,328,664**	106,642,865
Non-current portion of lease liabilities	27	**12,025,883**	9,894,063
Other non-current liabilities	28	**67,027,460**	47,265,088
Employees' benefits	29	**81,133,064**	71,381,557
Deferred tax liabilities	15.2	**444,497,552**	389,981,672
Total non-current liabilities		**18,583,127,510**	19,006,778,514
Current liabilities			
Projects, trade and other payables	30	**801,849,261**	1,063,865,890
Accrued expenses	31	**940,029,821**	435,847,510
Zakat and income tax payable	32	**43,470,273**	-
Severance fee payable	33	**18,106,887**	-
Due to shareholders	17.2	**77,353,183**	40,714,319
Due to fellow subsidiaries	18.2	**94,932,397**	33,131,155
Current portion of long-term borrowings	25.2	**608,021,150**	350,000,000
Current portion of lease liabilities	27	**17,389,526**	23,329,714
Current portion of other non-current liabilities	28	**468,767,355**	499,339,263
Total current liabilities		**3,069,919,853**	2,446,227,851
Total liabilities		**21,653,047,363**	21,453,006,365
Total shareholders' equity and liabilities		**28,874,441,437**	27,757,786,052
Commitments and contingent liabilities	35		

MA'ADEN WA'AD AL SHAMAL PHOSPHATE COMPANY
(A Saudi Arabian limited liability company)
Statement of changes in shareholders' equity for the year ended 31 December 2021
(All amounts in Saudi Riyals unless otherwise stated)

		Saudi Arabian shareholders			Foreign shareholder	
	Notes	**Saudi Arabian Mining Company 60%**	**Saudi Basic Industries Corporation 15%**	**Sub-total 75%**	**Mosaic Phosphates B.V. 25%**	**Total 100%**
Share capital						
1 January 2020		4,765,501,125	1,191,375,281	5,956,876,406	1,985,625,469	7,942,501,875
31 December 2020	23	4,765,501,125	1,191,375,281	5,956,876,406	1,985,625,469	7,942,501,875
31 December 2021	23	**4,765,501,125**	**1,191,375,281**	**5,956,876,406**	**1,985,625,469**	**7,942,501,875**
Transfer of net income						
1 January 2020		21,453,457	5,363,365	26,816,822	8,938,941	35,755,763
31 December 2020	24	21,453,457	5,363,365	26,816,822	8,938,941	35,755,763
31 December 2021	24	**21,453,457**	**5,363,365**	**26,816,822**	**8,938,941**	**35,755,763**
Accumulated loss						
1 January 2020		(205,995,453)	(51,498,863)	(257,494,316)	(100,918,879)	(358,413,195)
Net loss for the year before zakat and income tax		(811,279,904)	(202,819,976)	(1,014,099,880)	(338,033,294)	(1,352,133,174)
Zakat	32.3	1,114,793	278,698	1,393,491	-	1,393,491
Income tax	32.5	-	-	-	38,542,962	38,542,962
Other comprehensive loss:						
Loss attributable to the re-measurements of employees' end of service termination benefits obligation for the year	29.1	(1,720,821)	(430,205)	(2,151,026)	(717,009)	(2,868,035)
31 December 2020		(1,017,881,385)	(254,470,346)	(1,272,351,731)	(401,126,220)	(1,673,477,951)
Net profit for the year before zakat and income tax		609,279,191	152,319,798	761,598,989	253,866,330	1,015,465,319
Zakat	32.3	(28,695,932)	(7,173,983)	(35,869,915)	-	(35,869,915)
Income tax	32.5	-	-	-	(61,134,851)	(61,134,851)
Other comprehensive income						
Loss attributable to the re-measurements of employees' end of service termination benefits obligation for the year	29.1	(1,107,699)	(276,925)	(1,384,624)	(461,542)	(1,846,166)
31 December 2021		**(438,405,825)**	**(109,601,456)**	**(548,007,281)**	**(208,856,283)**	**(756,863,564)**
Total shareholders' equity						
31 December 2020		3,769,073,197	942,268,300	4,711,341,497	1,593,438,190	6,304,779,687
31 December 2021		**4,348,548,757**	**1,087,137,190**	**5,435,685,947**	**1,785,708,127**	**7,221,394,074**

MA'ADEN WA'AD AL SHAMAL PHOSPHATE COMPANY
(A Saudi Arabian limited liability company)
Statement of cash flows for the year ended 31 December 2021
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	31 December 2021	31 December 2020
Operating activities			
Profit / (loss) before zakat and income tax		**1,015,465,319**	(1,352,133,174)
Adjustments for non-cash flow items:			
Income from time deposits	9	**(725,545)**	(2,114,540)
Finance cost	10	**440,524,635**	592,411,172
Depreciation	11.1, 12.1, 13.1	**1,307,201,818**	1,314,583,324
Write-off of mine properties	11	**133,158,805**	-
Write-off of property, plant and equipment	12	**142,592,985**	-
Gain on termination of lease contracts	13	**272,129**	-
Provision for employees' end of service termination benefits	29.1	**8,593,139**	14,900,733
Contribution for the employees' savings plan	29.2	**3,031,181**	4,188,791
Provision for severance fee	33	**18,106,887**	-
Changes in working capital:			
Other non-current assets	16	**(17,674,969)**	(4,031,716)
Due from shareholder	17.1	**(119,855,455)**	(4,281,661)
Due to shareholder	17.2	**36,638,864**	(45,536,552)
Due from fellow subsidiaries	18.1	**(54,656,477)**	(7,910,430)
Due to fellow subsidiaries	18.2	**61,801,242**	(87,284,113)
Advances and prepayments	19	**12,391,704**	21,619,461
Inventories	20	**14,172,225**	(45,455,446)
Trade receivable from shareholders	21	**(581,832,954)**	11,665,300
Projects trade and other payables	30	**74,577,480**	(36,744,341)
Accrued expenses	31	**484,239,592**	(17,836,514)
Other non-current liabilities	28	**(10,809,536)**	(124,744,333)
Employees' end of service termination benefits paid	29.1	**(3,957,172)**	(1,814,161)
Employees' savings plan withdrawal	29.2	**(1,424,134)**	(1,176,378)
Zakat and income tax paid	32.3, 32.4	**-**	(12,510,649)
Finance cost paid		**(369,955,887)**	(503,657,929)
Net cash generated from / (utilized in) operating activities		**2,591,875,876**	(287,863,156)
Investing activities			
Additions to mine properties	11	**(9,855,430)**	(20,597,936)
Additions to property, plant and equipment	12	**(71,079,885)**	(10,495,024)
Additions to capital work-in-progress	14	**(907,782,305)**	(171,926,002)
(Increase) in restricted cash	22	**(1,607,047)**	(3,012,413)
Income received from time deposits		**725,544**	2,178,748
Projects and other payables – Projects	30	**(336,594,109)**	533,709,288
Accrued expenses – Projects	31	**19,942,719**	30,382,746
Net cash (utilized in) / generated from investing activities		**(1,306,250,513)**	360,239,407
Financing activities			
Transaction costs paid	25.2	**-**	(134,475,645)
Proceeds from long-term borrowings	25.2	**-**	8,708,496,299
Repayment of long-term borrowings	25.2	**(350,000,000)**	(8,708,496,299)
Repayment of lease liabilities	27	**(28,066,447)**	(24,409,510)
Net cash utilized in financing activities		**(378,066,447)**	(158,885,155)
Net increase / (decrease) in cash and cash equivalents		**907,558,916**	(86,508,904)
Unrestricted cash and cash equivalents at the beginning of the year	22	**383,473,018**	469,981,922
Unrestricted cash and cash equivalents at the end of the year	22	**1,291,031,934**	383,473,018

MA'ADEN WA'AD AL SHAMAL PHOSPHATE COMPANY
(A Saudi Arabian limited liability company)
Statement of cash flows for the year ended 31 December 2021
(All amounts in Saudi Riyals unless otherwise stated)

Statement of cash flow (continued)

	Notes	31 December 2021	31 December 2020
Non-cash flow transactions			
Transfer to mine properties from capital work-in-progress	11, 14	**-**	66,508,340
Increase in mine properties and provision for decommissioning, site rehabilitation and dismantling	11, 26	**18,840,843**	22,323,267
Transfer to property, plant and equipment from capital work-in-progress	12, 14	**-**	82,643,156
Recognition of right-of-use assets and corresponding lease liabilities	13, 27	**23,229,405**	35,429,037
Borrowing cost capitalized attributable to qualifying assets	14.1	**11,489,978**	9,507,767

MA'ADEN WA'AD AL SHAMAL PHOSPHATE COMPANY
(A Saudi Arabian limited liability company)
Notes to the financial statements for the year ended 31 December 2021
(All amounts in Saudi Riyals unless otherwise stated)

1 General information

Ma'aden Wa'ad Al Shamal Phosphate Company (the "Company") is a limited liability company registered in the Kingdom of Saudi Arabia under Commercial Registration number 3451002631 dated 26th of Rabi' I 1435H (corresponding to 27 January 2014), 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 (Note 23).

The Company is owned by:

Saudi Arabian shareholders
- 60% by Saudi Arabian Mining Company ("Ma'aden") and
- 15% by Saudi Basic Industries Corporation ("SABIC"), and

A Foreign shareholder
- 25% by Mosaic Phosphates B.V., a limited liability company registered in the Netherlands, wholly owned by The Mosaic Company ("Mosaic")

The objectives of the Company are the production of:

- Di-ammonium and mono-ammonium phosphate fertilizer;
- Di-calcium and mono-calcium phosphate,
- Ammonia,
- Purified phosphoric acid,
- Phosphoric acid,
- Sulphuric acid and
- Sulphate of potash.

On 19 March 2013, the three shareholders signed Heads of 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.

On 5 August 2013, the three shareholders signed a Shareholders Agreement to jointly develop a fully integrated phosphate production facility. 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 had planned estimated capital cost of SAR 28 billion.

On 1 January 2017, the Company announced the commencement of 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 8 July 2017, the Company announced the commencement of initial production of Di-ammonium Phosphate (DAP) as part of its commissioning activities. During initial production, the Company will gradually ramp-up until it reaches 3 million tonnes production capacity.

On 2 December 2018, the Company declared commercial production of the Di-ammonium Phosphate (DAP) 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 has proactively assessed its impacts on its operations and has taken 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.
- minimizing the impact of the pandemic on its operations and product supply to the market

Notwithstanding these challenges, MWSPC was successful in maintaining stable operations while maneuvering limited demand interruptions via successfully switching to different production grades and / or different customers to maintain product flow to the market. MWSPC's management believes that the Covid-19 pandemic, by itself, has had limited direct material effects on MWSPC's reported results for the year ended 31 December 2021. MWSPC's management continues to monitor the situation closely.

2 Basis of preparation

Statement of compliance

The 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 financial statements have been prepared on the historical cost basis except where IFRS requires other measurement basis as disclosed in the applicable accounting policies in Note 3 – Summary of significant policies.

These financial statements are presented in Saudi Riyals, which is both the functional and reporting currency of the Company.

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 IASB that are not mandatory for 31 December 2021 reporting year and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting year and on foreseeable future transactions.

New and amended IFRS standards adopted by the Company

There are no new standards applicable to the Company, however, the Company has applied the following amendments to the standards for the first time for their reporting years commencing on or after 1 January 2021:

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest rate benchmark (IBOR) reform – Phase 2

IBOR reform represents the reform and replacement of interest rate benchmarks by global regulators. The Company has a number of contracts, primarily referenced to USD London Interbank offer rates ("USD LIBOR") and Saudi Interbank offer rates (SIBOR). For USD LIBOR, the most applicable tenor (6-month USD LIBOR) for the Company is expected to cease to be published on 30 June 2023.

The amendments provide temporary reliefs which address the financial reporting effects when an IBOR is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued; and
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the financial statements of the Company as at the reporting date. The Company intends to use the practical expedients in future periods when they become applicable.

The Company is currently analyzing the exposure to IBOR benchmarks and evaluating the potential impact of the transition. As per the initial transition plan, all contracts and agreements that are based on USD LIBOR and are expiring at the cessation dates, will be renegotiated with counterparties to reflect the alternative benchmarks.

The following table contains details of all financial instruments of the Company which are based on USD LIBOR as at 31 December 2021 and are expiring after the expected cessation dates, and currently have not been transitioned to an alternative benchmark:

Financial instruments:	
Non-derivative financial liabilities (Note 25.2, 36.1.2)	**6,559,139,521**

3 Summary of significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented.

3.1 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.

3.2 Revenue recognition

Revenue comprises of sales directly to customers, through the three marketers, 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. Revenue is recognized either at:

- a point in time or
- over time, when (or as) the Company satisfies the performance obligations as specified in the contract with the customer, by transferring control over the promised goods or service to the customer.

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

- sale of ammonium phosphate fertilizer and ammonia as a principal, directly to customers, through the three marketers at a point in time;
- rendering of transportation services directly to the customers over a period of time, equivalent to the stage of completion of the service.

The timing and measurement of revenue recognition for the above-mentioned main sources of revenue i.e. sales of goods and rendering of transportation services is as follows:

The Company, as a principal, sells ammonium phosphate fertilizer and ammonia products directly to the customers, through Ma'aden, SABIC and Mosaic, acting as marketing agents, for the sale of phosphate fertilizer and ammonia.

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 year.

3 Summary of significant accounting policies (continued)

3.2 Revenue recognition (continued)

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.

3.3 Selling, marketing and logistic 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.

3.4 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.

3.5 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.

(All amounts in Saudi Riyals unless otherwise stated)

3 Summary of significant accounting policies (continued)

3.5 Mine properties and property, plant and equipment (continued)

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
• Civil works	25-35
• Buildings	25-35
• Fixed plant	5-40
• Heavy equipment	5-35
• Other equipment	5-35
• Office equipment	5-10
• Furniture and fittings	5-10
• Mobile and workshop equipment	5
• Capital spares	3-8
• Scheduled shutdown / Turn around	3
• Laboratory and safety equipment	2-30
• Motor vehicles	1-3

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, being as follows:

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

3 Summary of significant accounting policies (continued)

3.5 Mine properties and property, plant and equipment (continued)

Stripping activity asset and stripping activity expense (continued)

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.

3.6 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.

3 Summary of significant accounting policies (continued)

3.6 Right-of-use assets and liabilities (continued)

Right-of-use assets

The Company applies ***IAS 36 Impairment of assets*** to determine whether a RoU asset is impaired and accounts for any identified impairment loss as described in Note 3.8.

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

- 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.

3.7 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.

3 Summary of significant accounting policies (continued)

3.7 Capital work-in-progress (continued)

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.

Capital work-in-progress 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.

3.8 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 exist, 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 assets 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.

3.9 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,

3 Summary of significant accounting policies (continued)

3.9 Inventories (continued)

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

3.10 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. See Note 3.13 for a description of the Company's impairment policies.

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 "Net revenue".

3.11 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.

3 Summary of significant accounting policies (continued)

3.12 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, see Notes 3.17, 22 and 29.2

3.13 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.

Interest rate swap contracts

The Company may use interest rate swap contracts to manage its exposure to interest rate movements on its long term-borrowings (Note 25.2).

In respect of financial assets the Company's policy is to invest free cash at floating rates of interest and to maintain cash reserves in time deposits (less than one year) in order to maintain liquidity.

Other financial liabilities (excluding long term-borrowings and obligations under finance leases) are primarily non-interest bearing.

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 'Net revenue'.

Financial assets

The Company's principal financial assets include:

- trade and other receivables – excluding pre-payments and zakat / income tax receivables - (Accounting policy 3.10)
- cash and cash equivalents (Accounting policy 3.12)

They are derived directly from the Company's operations.

3 Summary of significant accounting policies (continued)

3.13 Financial instruments and financial assets and financial liabilities (continued)

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 uncollectibility 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:

- long-term borrowings (Accounting policy 3.14),
- projects, trade and other payables – excluding zakat / income tax liabilities and employees' end of service termination benefits obligations - (Accounting policy 3.18) and
- accrued expenses (Accounting policy 3.18)

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

3 Summary of significant accounting policies (continued)

3.13 Financial instruments and financial assets and financial liabilities (continued)

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.

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.

3.14 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.

3 Summary of significant accounting policies (continued)

3.15 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.

3.16 Provision 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.

3 Summary of significant accounting policies (continued)

3.17 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.

3 Summary of significant accounting policies (continued)

3.18 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.

3.19 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.

3.20 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 to the Government of Saudi Arabia severance fees, representing equivalent of 20% of hypothetical income in addition to a specified percentage of the net value of the minerals upon extraction effective from 01 January 2021 which supersedes the Royal Decree No. 47/M dated 20 Sha'aban 1425H (corresponding to 4 October 2004), which required the Company to pay to the Government of Saudi Arabia severance fee representing 25% of the annual net income per mining license or the equivalent of 20% of hypothetical income, whichever was lower.

The Zakat due shall be deducted from gross severance fee and the net severance fee amount is shown as part of cost of sales in the statement of profit or loss (Note 32).

4 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.

4 Critical accounting, judgments, estimates and assumptions (continued)

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.

However, as explained in Note 1, 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.

4.1 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.

4 Critical accounting, judgments, estimates and assumptions (continued)

4.1 Critical accounting judgments in applying accounting standards (continued)

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 2017 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 2018 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.

4 Critical accounting, judgments, estimates and assumptions (continued)

4.1 Critical accounting judgments in applying accounting standards (continued)

Commercial production start date

The decision on when commercial production for mining related assets is achieved is however judgmental and should be based after discussions between the accountants, engineers and metallurgists. Consideration should be taken of the following list of non-exhaustive factors, such as:

- 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.

4.2 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.

(All amounts in Saudi Riyals unless otherwise stated)

4 Critical accounting, judgments, estimates and assumptions (continued)

4.2 Key sources of estimation uncertainty (continued)

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 2021 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.

5 Sales

	Notes	Year ended 31 December 2021	Year ended 31 December 2020
Revenue from sale of goods			
Diammonium phosphate (DAP) fertilizer		**4,752,309,099**	2,669,913,568
Ammonia		**1,009,818,413**	504,820,600
Phosphoric acid		**-**	26,455,674
Sub-total		**5,762,127,512**	3,201,189,842
Revenue from transportation services			
Diammonium phosphate (DAP) fertilizer		**254,995,667**	80,792,275
Ammonia		**122,825,049**	84,076,370
Phosphoric acid		**-**	1,431,970
Sub-total		**377,820,716**	166,300,615
Total revenue		**6,139,948,228**	3,367,490,457
Provisional price adjustment			
Diammonium phosphate (DAP) fertilizer		**15,793,050**	(3,608,939)
Ammonia		**5,688,348**	(2,385,955)
Sub-total		**21,481,398**	(5,994,894)
Total revenue (net)	34.1, 36.2	**6,161,429,626**	3,361,495,563

	2021	2020
DAP fertilizer sales analysis		
Quantity sold in tonnes	**2,414,660**	2,302,566
Average realized price per tonne in:		
US$	**555**	318
Saudi Riyal (equivalent)	**2,080**	1,193
Ammonia sales analysis		
Quantity sold in tonnes	**556,514**	658,133
Average realized price per tonne in:		
US$	**545**	238
Saudi Riyal (equivalent)	**2,045**	891
Phosphoric acid sales analysis		
Quantity sold in tonnes	**-**	12,716
Average realized price per tonne in:		
US$	**-**	585
Saudi Riyal (equivalent)	**-**	2,193

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6 Cost of sales

	Notes	Year ended 31 December 2021	Year ended 31 December 2020
Raw material, utilities and consumables		**1,281,574,389**	1,022,877,185
Salaries and staff related benefits		**310,365,084**	312,179,071
Contracted services		**346,784,439**	361,475,480
Repairs and maintenance		**3,234,492**	83,352,828
Consumables		**171,823,713**	172,558,776
Overheads and other consumables		**113,405,448**	124,083,700
Total cash operating costs		**2,227,187,565**	2,076,527,040
Depreciation of mine properties	11.1	**162,136,869**	161,529,206
Depreciation of property, plant and equipment	12.1	**1,092,543,067**	1,085,985,228
Property, plant, and equipment written-off	12.2	**142,592,985**	-
Mine properties written-off	11.2	**133,158,805**	-
Depreciation of right-of-use assets	13.1	**16,345,329**	23,480,891
Severance fees	33	**18,106,887**	-
Total operating costs		**3,792,071,507**	3,347,522,365
Decrease / (increase) in inventory	20	**60,313,087**	229,680,563
Total cost of goods sold		**3,852,384,594**	3,577,202,928
Cost of rendering transportation services		**377,820,716**	166,300,615
Total		**4,230,205,310**	3,743,503,543

7 Selling, marketing and logistic expenses

	Year ended 31 December 2021	Year ended 31 December 2020
Marketing fees	**262,059,519**	140,436,773
Deductibles	**13,661,024**	51,173,655
Logistic expenses	**38,820,767**	18,278,242
Total	**314,541,310**	209,888,670

8 General and administrative expenses

	Note	Year ended 31 December 2021	Year ended 31 December 2020
Salaries and staff related benefits		**21,683,051**	27,448,196
Contracted services		**55,256,141**	51,814,747
Overheads and other consumables		**9,986,734**	42,526,251
Board of Managers' remuneration		**-**	7,427
Depreciation of property, plant and equipment	12.1	**43,587,997**	43,587,999
Depreciation of right-of-use assets	13.1	**9,608,021**	-
Total		**140,121,944**	165,384,620

9 Income from time deposits

	Year ended 31 December 2021	Year ended 31 December 2020
Income on time deposits – measured using effective interest rate	**725,545**	2,114,540

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10 Finance cost

	Notes	Year ended 31 December 2021	Year ended 31 December 2020
Public Pension Agency		**114,221,193**	62,789,633
Riyad bank - Murabaha		**141,612,008**	78,283,289
Riyad bank - Wakala		**39,518,685**	21,822,226
Saudi Industrial Development Fund		**82,999,152**	76,036,000
KEXIM Direct		**-**	27,297,126
K-SURE Covered		**-**	17,700,318
KEXIM Covered		**-**	7,743,889
Public Investment Fund		**-**	114,781,257
Saudi Riyal procurement		**-**	38,812,869
Wakala		**-**	22,043,290
Conventional facility		**-**	12,839,235
US Dollar procurement		**-**	5,033,856
Others – agent fees		**-**	10,026,941
Sub-total	14.1	**378,351,038**	494,209,929
Amortization of transaction cost	25.2	**67,127,618**	102,500,629
Accretion of provision for mine decommissioning obligations	26	**3,844,956**	2,386,015
Interest cost under lease liabilities	27	**1,028,675**	957,786
Interest cost on employees' end of service termination benefit obligation	29.1	**1,662,327**	1,864,580
Total	10.1	**452,014,614**	601,918,939
Less: Borrowing cost capitalized as part of qualifying assets in capital work-in-progress during the year	14.1	**(11,489,979)**	(9,507,767)
Total		**440,524,635**	592,411,172

10.1 Summary of finance cost

	Notes	Year ended 31 December 2021	Year ended 31 December 2020
Expensed during the year	10	**440,524,635**	592,411,172
Borrowing cost capitalized as part of qualifying assets in capital work-in-progress during the year	14.1	**11,489,979**	9,507,767
Total		**452,014,614**	601,918,939

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Statement of cash flows for the year ended 31 December 2021
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11 Mine properties

		Operating Mine										
	Notes	Fixed plant	Buildings	Civil works	Capital spares	Laboratory and safety equipment	Heavy and other equipment	Mobile and workshop equipment	Stripping activity asset	Mine closure and rehabilitation provision	Mine capital work-in progress	Total
Cost												
1 January 2020		1,788,700,730	250,253,891	1,341,566,311	19,360,216	22,671,577	12,703,592	896,000	56,450,742	108,369,552	30,021,182	3,630,993,793
Adjustment / reclass during the year		-	-	-	-	-	-	-	-	(22,323,267)	-	(22,323,267)
Additions for the year		-	-	-	-	-	-	-	-	-	20,597,936	20,597,936
Transfer from capital work-in-progress for the year	14	-	-	-	21,148,981	-	-	-	-	-	45,359,359	66,508,340
31 December 2020		1,788,700,730	250,253,891	1,341,566,311	40,509,197	22,671,577	12,703,592	896,000	56,450,742	86,046,285	95,978,477	3,695,776,802
Adjustment during the year		-	-	-	-	-	-	-	-	18,840,843	-	18,840,843
Additions for the year		-	-	-	-	-	-	-	-	-	9,855,430	9,855,430
Write-off during the year	11.2	(154,912,010)	-	-	-	-	-	-	-	-	-	(154,912,010)
31 December 2021		**1,633,788,720**	**250,253,891**	**1,341,566,311**	**40,509,197**	**22,671,577**	**12,703,592**	**896,000**	**56,450,742**	**104,887,128**	**105,833,907**	**3,569,561,065**
Accumulated depreciation												
1 January 2020		(92,932,968)	(11,245,381)	(58,197,113)	(5,583,692)	(1,228,042)	(779,964)	(194,133)	(1,665,898)	(2,473,905)	-	(174,301,096)
Charge for the year	11.1	(85,784,284)	(10,380,352)	(53,720,411)	(6,028,566)	(1,133,578)	(719,967)	(179,200)	(1,245,820)	(2,337,027)	-	(161,529,205)
31 December 2020		(178,717,252)	(21,625,733)	(111,917,524)	(11,612,258)	(2,361,620)	(1,499,931)	(373,333)	(2,911,718)	(4,810,932)	-	(335,830,301)
Charge for the year	11.1	(85,784,285)	(10,380,352)	(53,720,412)	(6,028,566)	(1,133,579)	(719,968)	(179,200)	(1,664,676)	(2,525,831)	-	(162,136,869)
Writte-off during the year	11.2	21,753,205	-	-	-	-	-	-	-	-	-	21,753,205
31 December 2021		**(242,748,332)**	**(32,006,085)**	**(165,637,936)**	**(17,640,824)**	**(3,495,199)**	**(2,219,899)**	**(552,533)**	**(4,576,394)**	**(7,336,763)**	**-**	**(476,213,965)**
Net book value												
31 December 2020		1,609,983,478	228,628,158	1,229,648,787	28,896,939	20,309,957	11,203,661	522,667	53,539,024	81,235,353	95,978,477	3,359,946,501
31 December 2021		**1,391,040,388**	**218,247,806**	**1,175,928,375**	**22,868,373**	**19,176,378**	**10,483,693**	**343,467**	**51,874,348**	**97,550,365**	**105,833,907**	**3,093,347,100**

11 Mine properties (continued)

Initial recognition at cost

Mine closure and rehabilitation provision

Mine closure and rehabilitation provision includes 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 to the extent that was incurred as a result of the development/construction of the mine.

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.

(All amounts in Saudi Riyals unless otherwise stated)

11 Mine properties (continued)

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.

Depletion, depreciation and impairment

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.

11.1 Allocation of depreciation charge during the year to:

	Note	Year ended 31 December 2021	Year ended 31 December 2020
Cost of sales	6	**162,136,869**	161,529,206

11.2 Mine properties written-off

During the year, the Company has written-off mine properties having carrying amount of SAR 133.2 million. These assets written-off are attributable to Beneficiation plant of MWSPC. These represented redundant assets which needed to be completely replaced during the year due to certain performance issues. The write-off loss was recognized and included in the cost of sales in the statement of profit or loss and other comprehensive income for the year ended 31 December 2021 (Note 6).

11.3 Mine properties pledged as security

As at 31 December 2021, mine properties with a net book value of SAR 3,093,347,100 (December 2020: SAR 3,359,946,501) have been pledged as security to the lender under the Common Terms Financing Agreement (Note 25.5).

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12 Property, plant and equipment

	Notes	Fixed plant	Buildings	Civil works	Capital spares	Laboratory and safety equipment	Heavy and other equipment	Furniture and fixtures	Routine shutdown repairs	Total
Cost										
1 January 2020		12,990,096,304	2,632,852,087	6,600,494,017	180,444,720	127,867,117	921,996,988	19,516,278	21,380,356	23,494,647,867
Addition for the year		-	-	-	-	-	-	-	10,495,024	10,495,024
Transfer from capital work-in-progress for the year	14	-	-	-	82,643,156	-	-	-	-	82,643,156
31 December 2020		12,990,096,304	2,632,852,087	6,600,494,017	263,087,876	127,867,117	921,996,988	19,516,278	31,875,380	23,587,786,047
Addition for the year		-	-	-	-	-	-	-	71,079,885	71,079,885
Write-off during the year	12.2	(203,105,254)	-	-	-	-	-	-	-	(203,105,254)
31 December 2021		**12,786,991,050**	**2,632,852,087**	**6,600,494,017**	**263,087,876**	**127,867,117**	**921,996,988**	**19,516,278**	**102,955,265**	**23,455,760,678**
Accumulated depreciation										
1 January 2020		(1,056,271,212)	(105,340,854)	(215,343,976)	(52,801,093)	(9,302,004)	(76,128,085)	(3,984,801)	(4,097,403)	(1,523,269,428)
Charge for the year	12.1	(701,851,281)	(78,429,010)	(203,062,736)	(52,925,809)	(7,061,801)	(70,272,101)	(3,678,278)	(12,292,211)	(1,129,573,227)
31 December 2020		(1,758,122,493)	(183,769,864)	(418,406,712)	(105,726,902)	(16,363,805)	(146,400,186	(7,663,079)	(16,389,614)	(2,652,842,655)
Charge for the year	12.1	(701,851,355)	(78,429,010)	(203,062,736)	(51,543,146)	(6,972,283)	(61,282,580)	(3,678,278)	(12,292,211)	(1,119,111,599)
Written-off during the year	12.2	60,512,269	-	-	-	-	-	-	-	60,512,269
31 December 2021		**(2,399,461,579)**	**(262,198,874)**	**(621,469,448)**	**(157,270,048)**	**(23,336,088)**	**(207,682,766)**	**(11,341,357)**	**(28,681,825)**	**(3,711,441,985)**
Net book value										
31 December 2020		11,231,973,811	2,449,082,223	6,182,087,305	157,360,974	111,503,312	775,596,802	11,853,199	15,485,766	20,934,943,392
31 December 2021		**10,387,529,471**	**2,370,653,213**	**5,979,024,569**	**105,817,828**	**104,531,029**	**714,314,222**	**8,174,921**	**74,273,440**	**19,744,318,693**

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12 Property, plant and equipment (continued)

12.1 Allocation of depreciation charge during the year to:

	Notes	Year ended 31 December 2021	Year ended 31 December 2020
Cost of sales	6	**1,075,523,602**	1,085,985,228
General and administrative expenses	8	**43,587,997**	43,587,999
Total	12	**1,119,111,599**	1,129,573,227

12.2 Property, plant and equipment written-off

During the year, the Company has written-off property, plant and equipment related to Sulphuric Acid plant having carrying amount of Saudi Riyals 142.6 million. These represented redundant assets which needed to be completely replaced during the year due to certain performance issues. The write-off was recognized in cost of sales in the statement of profit or loss and other comprehensive income for the year ended 31 December 2021 (Note 6).

12.3 Property, plant and equipment pledged as security

As at 31 December 2021, the net book value of SAR 19,744,318,693 (31 December 2020: SAR 20,934,943,392) has been pledged as security to the lender under the Common Terms Financing Agreement (Note 25.5).

13 Right-of-use assets

	Notes	Vehicles	Heavy equipment	Total
Cost				
1 January 2020		23,149,244	18,287,856	41,437,100
Additions during the year		2,738,379	32,690,658	35,429,037
31 December 2020	27	25,887,623	50,978,514	76,866,137
Additions during the year		23,229,405	-	23,229,405
Retired during the year		(19,923,661)	(17,973,538)	(37,897,199)
31 December 2021	27	**29,193,367**	**33,004,976**	**62,198,343**
Accumulated depreciation				
1 January 2020		(9,055,555)	(11,550,224)	(20,605,779)
Charge during the year	13.1	(9,932,706)	(13,548,186)	(23,480,892)
31 December 2020		(18,988,261)	(25,098,410)	(44,086,671)
Charge during the year	13.1	(9,608,021)	(16,345,329)	(25,953,350)
Retired during the year		19,651,532	17,973,538	37,625,070
31 December 2021		**(8,944,750)**	**(23,470,201)**	**(32,414,951)**
Net book value				
31 December 2020		6,899,362	25,880,104	32,779,466
31 December 2021	27	**20,248,617**	**9,534,775**	**29,783,392**

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13 Right-of-use assets (continued)

13.1 Allocation of depreciation charge during the year to:

	Notes	Year ended 31 December 2021	Year ended 31 December 2020
Cost of sales	6	**16,345,329**	23,480,891
General and administrative expenses	8	**9,608,021**	-
Total		**25,953,350**	23,480,891

13.2 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. Payments under operating leases are expense during the year. Operating lease payments represent mainly rentals payable by the Company for IT equipment's.

Payments under operating leases, recognized as an expense during the year.

	Year ended 31 December 2021	Year ended 31 December 2020
Office equipment	**5,232,387**	8,451,904

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14 Capital work-in-progress

	Notes	Fixed plant	Civil works	Capital spares	Administrative Offices and others	Total
Cost						
1 January 2020		274,050,153	86,816,031	144,163,403	264,467,452	769,497,039
Additions during the year		121,027,473	50,661,527	17,291,976	(7,547,207)	181,433,769
Transfer to mine properties for the year	11	-	-	(21,148,981)	(45,359,359)	(66,508,340)
Transfer to property, plant and equipment for the year	12	-	-	(82,643,156)	-	(82,643,156)
31 December 2020		395,077,626	137,477,558	57,663,242	211,560,886	801,779,312
Additions during the year		590,127,084	3,140,694	303,602,354	22,402,151	919,272,283
31 December 2021		**985,204,710**	**140,618,252**	**361,265,596**	**233,963,037**	**1,721,051,595**

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14 Capital work-in-progress (continued)

14.1 Borrowing cost attributable to qualifying assets

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

	Notes	Year ended 31 December 2021	Year ended 31 December 2020
Gross borrowing cost incurred	25.2	**452,014,614**	601,918,939
Expensed during the year	10	**(440,524,635)**	(592,411,172)
Net borrowing cost capitalized as part of qualifying assets in Capital work-in-progress	10.1	**11,489,979**	9,507,767

During 2021, the capitalization rate of 1.86% (2020: 3.92%) has been used for the calculation of borrowing cost attributable to qualifying assets.

14.2 Other cost capitalized under capital work-in-progress

In addition to borrowing cost in Note 14.1, the Company has capitalized as part of capital work-in-progress the following:

	31 December 2021	31 December 2020
Advances to contractors capitalized as part of capital work-in-progress	**38,619,503**	61,109,237

14.3 Capital work-in-progress pledged as security

Asset in the course of construction are capitalized in the capital work-in-progress account and is not subject to depreciation. As at 31 December 2021, the net book value of SAR **1**,442,945,254 (31 December 2020; SAR 801,779,312) has been pledged as security to the lender under the Common Terms Financing Agreement (Note 25.5).

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

As at 31 December 2021, management of the company performed an impairment assessment of the MWSPC CGU, due to lower than budgeted results. 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 8.5% (December 2020: 8.8%) per annum which was calculated using a 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 2020: 4.0%) which has been estimated based on third party consultant's forecasts for the industry.
- Commodities prices - which have been estimated based on third parties forecasts for the industry.

Management concluded that the recoverable amount for the capital work-in-progress, property plant and equipment, right-of-use assets and mine properties of MWSPC is higher than the carrying value of such assets. The estimated recoverable amount was based on approved five years business plan. The calculation involved an in-depth review of each key element of MWSPC income and costs (including sales volume and prices, operating costs and capital expenditure) and included a review of historical results.

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14 Capital work-in-progress (continued)

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

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

	31 December 2021	31 December 2020
Discount rate:		
From	**8.5 %**	8.8 %
To	**11.50 %**	11.12 %
Decrease in sales prices	**13.63 %**	14.00 %

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant in practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. Management of the company has considered and assesses reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of CGU to exceed its recoverable amount.

15 Deferred taxes

	Notes	31 December 2021	31 December 2020
Deferred tax assets	15.1	**417,892,674**	416,911,287
Deferred tax liabilities	15.2	**(444,497,552)**	(389,981,672)
Total		**(26,604,878)**	26,929,615

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15 Deferred taxes (continued)

15.1 Deferred tax assets

	Notes	Tax losses	Employees' benefits (Note 29)	Provision for site rehabilitation & dismantling (Note 26)	Provision for research and development and community development	Total
1 January 2020		264,987,921	2,397,051	6,329,006	1,105,914	274,819,892
Credited to profit or loss for the year	32.5	142,143,129	945,129	(996,863)	-	142,091,395
31 December 2020	15	407,131,050	3,342,180	5,332,143	1,105,914	416,911,287
Credited to profit or loss for the year	32.5	(2,533,453)	431,219	1,134,290	1,949,331	981,387
31 December 2021	15	**404,597,597**	**3,773,399**	**6,466,433**	**3,055,245**	**417,892,674**

The deferred tax asset has arisen because of the temporary difference between:

- the operating loss carry forward on a year-to-year basis, is in excess of the tax deduction allowed against gross income for the year and can be carried forward to be off settled against taxable income in the future years.
- the carrying value of the employees' end of service benefits obligation 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 provision for research and development program and community development and their tax base.

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15 Deferred taxes (continued)

15.2 Deferred tax liabilities

The deferred tax liability has arisen because of the temporary difference between:

- the carrying value of the property, plant and equipment as per IFRS and Zakat, Tax and Customs Authority ("ZATCA") tax base.

	Note	31 December 2021	31 December 2020
Foreign shareholder's 25% proportionate share of the balance of temporary differences attributable to Property, plant and equipment:			
1 January		**389,981,672**	286,433,238
Debited to profit or loss during the year		**54,515,880**	103,548,434
Total	15	**444,497,552**	389,981,672

As at 31 December 2021, a significant component of temporary difference has arisen between the carrying value of property, plant and equipment excluding capital work-in-progress based on IFRS which is amounted to SAR 22,731,831,886 (Note 11 and 12) and 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 13,841,880,846.

The net taxable temporary difference of SAR 8,889,951,040 based on foreign shareholder's 25% proportionate share and income tax rate of 20% would give rise to deferred tax liability of SAR 444,497,552.

16 Other non-current assets

	31 December 2021	31 December 2020
Long-term employees' home owners receivable, 1 January	**9,896,014**	8,518,258
Add: Transfer from fellow subsidiary	**19,015,892**	5,880,218
Less: Net repayments by employees during year	**1,340,923**	1,848,502
• Opening	**4,074,487**	2,225,985
• Ending	**5,415,410**	4,074,487
Less: Current portion of long-term employees' home owners receivable for the year	**4,566,464**	2,653,960
• Opening	**6,076,951**	3,422,991
• Ending	**10,643,415**	6,076,951
Total	**23,004,519**	9,896,014

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.

17 Due from / (to) shareholders

17.1 Due from shareholder

	Notes	31 December 2021	31 December 2020
Ma'aden – the Saudi Arabian shareholder, parent company	34.2; 38	**141,022,271**	21,166,816

The amount is unsecured, interest free and not subject to any specific repayment terms.

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17 Due from / (to) shareholders (continued)

17.2 Due to shareholder

	Notes	31 December 2021	31 December 2020
Ma'aden – the Saudi Arabian shareholder, parent company	34.2	**72,575,054**	37,467,785
Mosaic Phosphates B.V.	34.2	**4,778,129**	3,246,534
Total	36.3; 38	**77,353,183**	40,714,319

The amount is unsecured, interest free and not subject to any specific repayment terms.

18 Due from / (to) fellow subsidiaries

18.1 Due from fellow subsidiaries

	Notes	31 December 2021	31 December 2020
Ma'aden Phosphate Company	34.2	**66,215,420**	9,127,974
Ma'aden Aluminium Company	34.2	**-**	222,459
Ma'aden Gold and Base Metals Company	34.2	**-**	2,208,510
Total	34.2; 38	**66,215,420**	11,558,943

The fellow subsidiary is under the direct control of the parent company. The amounts are unsecured, interest free and not subject to any specific repayment terms.

18.2 Due to fellow subsidiaries

	Notes	31 December 2021	31 December 2020
Ma'aden Phosphate Company	34.2	**89,869,155**	30,050,422
Ma'aden Aluminium Company	34.2	**2,126,245**	1,811,661
Ma'aden Gold and Base Metals Company	34.2	**-**	4,867
Industrial Minerals Company	34.2	**1,372,612**	761,297
Ma'aden Fertilizer Company	34.2	**1,367,479**	-
Ma'aden Infrastructure Company:			
• Direct	34.2	**196,906**	335,439
• Northern Promise Social Housing Project	34.2	**-**	167,469
Total	36.3; 38	**94,932,397**	33,131,155

These fellow subsidiaries are under the direct control of the parent company (the Saudi Arabian Mining Company – Ma'aden). The amounts are unsecured, interest free and not subject to any specific repayment terms.

19 Advances and prepayments

	31 December 2021	31 December 2020
Prepaid insurance	**603,106**	-
Advance to employees	**536,385**	8,468,694
Bank guarantee	**-**	5,062,500
Total	**1,139,490**	13,531,194

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20 Inventories

	Note	31 December 2021	31 December 2020
Saleable inventory			
Finished goods – ready for sale			
DAP		**216,590,741**	149,327,274
Cost of finished goods – DAP		**216,590,741**	177,617,336
Less: Inventory written-down to net realizable value – DAP		**-**	(28,290,062)
AMM		**8,701,846**	25,987,108
Sulphate of potash		**1,199,955**	463,377
Work-in-process		**127,144,148**	224,348,586
Cost of work-in-process inventory		**127,144,148**	224,649,667
Less: Inventory written-down to net realizable value		**-**	(301,081)
Stockpile of mined ore		**51,326,067**	65,149,499
Cost of mine ore		**51,326,067**	65,149,499
Less: Inventory written-down to net realizable value		**-**	-
Sub-total	6	**404,962,757**	465,275,844
Consumable inventory			
Spare parts and consumable materials		**671,510,357**	709,516,494
Raw materials		**167,451,040**	83,304,041
Sub-total		**838,961,397**	792,820,535
Total		**1,243,924,154**	1,258,096,379

21 Trade and other receivables

	Notes	31 December 2021	31 December 2020
Trade receivables from shareholders			
Saudi Arabian Mining Company – Ma'aden, the parent company	34.2	**597,200,914**	307,997,575
SABIC	34.2	**41,481,619**	28,918,417
Mosaic Phosphates B.V.	34.2	**199,951,194**	65,732,053
Sub-total trade receivable	36.1.3, 36.2	**838,633,727**	402,648,045
Other receivable			
Aramco	34.2	**215,419,453**	80,187,661
VAT input		**13,957,146**	17,843,198
Other		**14,501,532**	-
Sub-total other receivable	36.2	**243,878,131**	98,030,859
Total		**1,082,511,858**	500,678,904

All shareholders act as marketers for all of the Company's finished products and these amounts represent the amounts owing on the third-party sales (Note 34.1) concluded by them.

As per the marketing agreement, these amounts are secured by letters of credit provided by the customers to the marketers, ahead of the dispatch of any shipment, therefore indemnifying the Company and the marketers against any potential losses arising from nonperformance 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.

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21 Trade and other receivables (continued)

The Company holds all its trade receivables, within a business model, with the objective of collecting the contractual cash flows. However, the contractual terms of certain trade receivables do not give rise, on a specific date, to cash flows that are solely payments of principal and interest on the principal outstanding. The contractual cash flows vary based on the change in price of the commodity and will therefore be subsequently measured at FVTPL. As at 31 December 2021, the trade receivables amounting to SAR 838,633,727 were carried at FVTPL.

22 Cash and cash equivalents

	Notes	31 December 2021	31 December 2020
Unrestricted			
Time deposits with original maturities equal to or less than three months at the date of acquisition		**-**	200,000,000
Time deposit income receivable		**-**	13,611
Cash and bank balances		**1,291,031,934**	183,459,407
Sub-total		**1,291,031,934**	383,473,018
Restricted			
Cash and bank balances	29.2	**8,554,922**	6,947,875
Total	36.3, 36.1, 38	**1,299,586,856**	390,420,893

Restricted cash and bank balances are related to employees' savings plan obligation.

23 Share capital

	Note	31 December 2021	31 December 2020
Authorised share capital			
843,750,000 Ordinary shares with a nominal value of SAR 10 per share	1	**8,437,500,000**	8,437,500,000
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 2021 at approximately SAR 9.41 (31 December 2020: SAR 9.41) per share		**7,942,501,875**	7,942,501,875

The issued and partly paid up share capital is distributed as follows:

Shareholders	% Holding	Number of Shares	31 December 2021	31 December 2020
Saudi Arabian				
Ma'aden	60%	506,250,000	**4,765,501,125**	4,765,501,125
SABIC	15%	126,562,500	**1,191,375,281**	1,191,375,281
Sub-total	75%	632,812,500	**5,956,876,406**	5,956,876,406
Foreign				
Mosaic Phosphates B.V.	25%	210,937,500	**1,985,625,469**	1,985,625,469
Total	100%	843,750,000	**7,942,501,875**	7,942,501,875

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24 Transfer of net income

	31 December 2021	31 December 2020
1 January	**35,755,763**	35,755,763
Transfer at 4% of net income for the year	**-**	-
Total	**35,755,763**	35,755,763

The transfer of net income is distributed as follows:

Shareholders	% Holding	31 December 2021	31 December 2020
Saudi Arabian			
Ma'aden	60%	**21,453,457**	21,453,457
SABIC	15%	**5,363,365**	5,363,365
Sub-total	75%	**26,816,822**	26,816,822
Foreign			
Mosaic Phosphates B.V.	25%	**8,938,941**	8,938,941
Total	100%	**35,755,763**	35,755,763

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. No such transfers were made to the statutory reserve during 2021 and 2020 due to accumulated losses.

25 Long-term borrowings

25.1 Facilities approved

25.1.1 Facilities before restructuring

The Company entered into the Common Terms Agreement ("CTA") on 30 June 2014 and other agreements (collectively referred to as "Financing Agreements") with a group of financial institutions, comprising:

Financial Institutions	Date of approval	Facilities granted
Public Investment Fund ("PIF")	30 June 2014	**7,500,000,000**
Islamic and commercial banks facilities	30 June 2014	
Islamic Development Bank - the Dollar procurement facility – as agent		447,383,725
HSBC Saudi Arabia - the Riyal procurement facility – as agent		3,852,470,930
HSBC Saudi Arabia - the Wakala facility – as agent		1,650,000,000
Sumitomo Mitsui Banking Corporation - the commercial facility – as agent		1,043,895,345
Mizuho Bank Limited - KEXIM Direct facility		2,250,000,000
Mizuho Bank Limited - KEXIM Covered facility		656,250,000
Mizuho Bank Limited - K-SURE Covered facility		1,500,000,000
Sub-total		**11,400,000,000**
Saudi Industrial Development Fund ("SIDF")		
Loan Agreement No. 2849 and 2851	30 December 2015	2,100,000,000
Loan Agreement No. 2850 and 2852	22 November 2018	1,900,000,000
Sub-total		**4,000,000,000**
Total facilities approved		**22,900,000,000**

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25 Long-term borrowings (continued)

25.1 Facilities approved (continued)

25.1.1 Facilities before restructuring (continued)

The Financing Agreements imposed special conditions and financial covenants whereby, if the conditions are met, the financial institutions will provide long-term borrowings for financing the construction and operation of the Company's mine, processing facilities and related infrastructure. Special financial covenants imposed include:

- the limitation on creation of additional liens and/or financing obligations by the Company, unless specifically allowed under the 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.

Facility agents:

- Islamic Development Bank and HSBC Saudi Arabia act as agents for procurement facility
- Mizuho Corporate Bank Limited and Sumitomo Mitsui Banking Corporation act as agents for commercial facility.

The above facilities were restructured during June 2020, whereas loan from PIF were transferred to PPA that resulted into a significant change in the repayment terms while Islamic and commercial banks facilities were prematurely settled in full and for SIDF, repayment schedule were revised.

25.1.2 Facilities after restructuring

On 19 June 2020, PIF had entered into Novation Agreement with Public Pension Agency ("PPA") whereas the "Original Loan Agreement" dated 02 Ramadan 1435H (corresponding to 30 June 2014G) between PIF and MWSPC will be transferred to PPA. Subsequently upon execution of the Novation agreement, the Company had entered into PPA Loan Agreement with PPA dated 20 June 2020 as a consent for the amendment and restatement of the Original Loan Agreement resulting in a revised repayment schedule and covenants.

Effective the same date 20 June 2020, the Company entered into a new CTA agreement with commercial banks in respect of new Riyal Murabaha and Riyal Wakala facilities to replace the balance of Islamic and commercial banks facilities. Consequently, Company's financing facilities comprised:

Financial Institutions	Date of approval	Facilities granted
Public Pension Agency ("PPA")	20 June 2020	**6,599,903,363**
Islamic and commercial banks facilities		
Riyad Bank - the Murabaha facility – as agent	20 June 2020	6,808,496,298
Riyad Bank - the Wakala facility – as agent	20 June 2020	1,900,000,000
Sub-total		**8,708,496,298**
Saudi Industrial Development Fund ("SIDF")		
Loan Agreement No. 2849 and 2851	30 December 2015	2,100,000,000
Loan Agreement No. 2850 and 2852	22 November 2018	1,900,000,000
Sub-total		**4,000,000,000**
Total facilities approved		**19,308,399,661**

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25 Long-term borrowings (continued)

25.1 Facilities approved (continued)

25.1.2 Facilities after restructuring (continued)

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 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.

Facility agents:

- Riyad Bank act as agent for the Murabaha facility
- Riyad Bank act as agent for the 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.

25.2 Facilities utilized

	31 December 2021	31 December 2020
Public Investment Fund		
1 September 2014 first drawdown	-	640,123,969
1 December 2014 second drawdown	-	1,582,682,175
1 July 2015 third drawdown	-	1,731,423,776
1 January 2016 fourth drawdown	-	1,282,533,191
10 August 2016 fifth drawdown	-	1,602,515,063
Sub-total	-	6,839,278,174
Less: Total repayment of borrowing	-	(239,374,811)
• Opening	-	(239,374,811)
• For the year	-	-
Sub-total	-	6,599,903,363
Less: Transaction cost balance as at the end of the year	-	(45,815,117)
Sub-total (Note 34.2)	-	6,554,088,246
Loan transferred to Public Pension Agency ("PPA")		
Principal amount of loan	-	(6,599,903,363)
Unamortised transaction cost balance	-	45,815,117
Sub-total	-	-
<u>Facilities before restructuring</u>		
The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period, is in the range of LIBOR plus 1.5% per annum.		
The repayment of the principal amount of loan will be in 24 installments on a six-monthly basis started from 30 June 2019. The repayments are started at SAR 112.5 million and increasing over the term of the loan with the final repayment of SAR 606 million on 31 December 2030.		
The PIF loan was prematurely settled during June 2020 as part of restructuring of borrowings.		
Sub-total carried forward	-	-

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25 Long-term borrowings (continued)

25.2 Facilities utilized (continued)

	31 December 2021	31 December 2020
Balance brought forward	-	-
Public Investment Fund		
Loans transferred to Public Pension Agency		
Subsequently to PPA Loan Agreement entered by the Company in 20 June 2020, all the secured debt of PIF under the Original PIF Loan Agreement was transferred from PIF to PPA.		
The transfer resulted in an extinguishment of PIF loan and the unamortised transaction cost balance of SAR 45,815,117 as at 20 June 2020 has been charged to profit or loss (Note 10).		
Due to the loan transfer, the Company paid to PPA a fee in an amount equal to 0.85% of the total outstanding loan as at the date of the loan agreement as an upfront fee amounting to SAR 56,099,178. The amount paid has been netted-off with the loan balance and will amortized over the term of the loan.		
Public Pension Agency		
30 June 2020 loan transfer	**6,599,903,363**	6,599,903,363
Less: Transaction cost balance as at the end of the year	**(40,763,842)**	(54,228,793)
Sub-total (Note 36.1.2)	**6,559,139,521**	6,545,674,570
The PIF loan transferred to PPA has similar terms and conditions as compared to the original loan. During June 2020, the repayment due on 30 June 2020 was deferred to be paid at a later date.		
The repayment of the principal amount of loan will be in 27 installments on a six-monthly basis starting from 30 June 2022. The repayments are starting at SAR 112.5 million and increasing over the term of the loan with the final repayment of SAR 379 million on 30 June 2035.		
Transaction cost incurred during the year which is amortized over the term of the loan amounted to SAR 13,464,951 (31 December 2020 SAR 1,870,387) Note 10.		
Commission and commitment fees incurred during the year amounted to SAR 114,221,193 (31 December 2020: SAR 60,423,370) Note 10.		
Islamic and commercial banks		
Facilities before restructuring		
Dollar procurement facility	-	304,392,518
Saudi Riyal procurement facility	-	2,620,254,420
Wakala	-	1,488,141,198
Commercial facility	-	5,182,626,350
Sub-total	-	9,595,414,486
Less: Total repayment of borrowing	-	(9,595,414,486)
• Opening	-	(886,918,187)
• For the year	-	(8,708,496,299)
Sub-total	-	-
Less: Transaction cost balance as at the end of the year	-	-
Sub-total	-	-
Sub-total carried forward	**6,559,139,521**	6,545,674,570

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25 Long-term borrowings (continued)

25.2 Facilities utilized under the different CTAs (continued)

	31 December 2021	31 December 2020
Balance brought forward	**6,559,139,521**	6,545,674,570
Islamic and commercial banks		
Facilities before restructuring		
The commercial facility was prematurely settled during June 2020 as part of restructuring of borrowings.		
The rate of commission on the principal amount of the loan drawdown and outstanding for each commission year is LIBOR plus 1.25% to 2.10% per annum.		
The repayment of the principal amounts of loans started from 30 June 2019. The repayments are starting at SAR 171 million and increasing over the term of the loan with the final repayment of SAR 809 million on 31 December 2030.		
Transaction cost incurred during the 2020 which is amortized over the term of the loan amounted to SAR 656,334. The unamortised transaction cost balance as on 30 June 2020 amounting to SAR 13,574,419 has been expensed due to loan settlement (Note 10).		
As a result of voluntary early settlement of the commercial facility, the Company received ECA premium refund in July 2020 amounted to SAR 32,295,712 which is offset in finance cost (Note 10).		
Facilities after restructuring		
Riyad Bank - as agent for the Murabaha facility	**6,808,496,299**	6,808,496,299
Riyad Bank - as agent for the Wakala facility	**1,900,000,000**	1,900,000,000
Sub-total	**8,708,496,299**	8,708,496,299
Less: Transaction cost balance as at the end of the year	**(54,923,757)**	(76,004,738)
Sub-total	**8,653,572,542**	8,632,491,561
The restructuring resulted in an extinguishment of the previous loan and the unamortised transaction cost balance of SAR 14,230,753 as at 20 June 2020 has been charged to statement of profit or loss.		
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.		
Repayment of the principal amounts of total approved facilities will commence from 30 June 2022. The repayments will start at SAR 76 million and will increase over the term of the loan with the final repayment of SAR 500 million on 30 June 2035.		
The transaction cost incurred on obtaining the loan amounting to SAR 78 million has been netted-off with the loan balance and will be amortized over the term of the loan. Transaction cost incurred during the year amounted to SAR 21,080,981 (31 December 2020: SAR 2,371,729) Note 10.		
Commission and commitment fees incurred during the year amounted to SAR 181,130,692 (31 December 2020: SAR 96,332,981) Note 10.		
Sub-total carried forward	**15,212,712,063**	15,178,166,131

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25 Long-term borrowings (continued)

25.2 Facilities utilized under the different CTAs (continued)

	31 December 2021	31 December 2020
Balance brought forward	**15,212,712,063**	15,178,166,131
Saudi Industrial Development Fund		
23 October 2017 first drawdown	**1,680,000,000**	1,680,000,000
20 November 2018 second drawdown	**420,000,000**	420,000,000
31 December 2018 third drawdown	**1,805,000,000**	1,805,000,000
10 November 2019 fourth drawdown	**95,000,000**	95,000,000
Sub-total	**4,000,000,000**	4,000,000,000
Less: Total repayment of borrowing	**(555,000,000)**	(205,000,000)
• Opening	**(205,000,000)**	(205,000,000)
• For the year	**(350,000,000)**	-
Sub-total	**3,445,000,000**	3,795,000,000
Less: Transaction cost balance as at the end of the year	**(208,971,176)**	(241,552,862)
Sub-total	**3,236,028,824**	3,553,447,138

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 2018. The repayments are started from SAR 60 million and increasing over the term of the loan.

On 20 June 2020, the loan was restructured and resulted to modification on the repayment of the loan which will start from May 2021, on a six-monthly basis, starting at SAR 175 and increasing over the term of the loan with the final repayment of SAR 55 million in August 2031.

Transaction cost incurred during the year which is amortized over the term of the loan amounted to SAR 32,581,689 (31 December 2020: SAR 34,890,424) Note 10.

Commission and commitment fees incurred during the year amounted to SAR 82,999,151 (31 December 2020: SAR 73,111,809) Note 10.

	31 December 2021	31 December 2020
Total loan borrowings (Note 37.1, 38)	**18,448,740,887**	18,731,613,269
Accrued finance cost	**8,395,150**	-
Sub-total (Note 37.1, 38)	**18,457,136,037**	18,731,613,269
Less: Current portion of borrowings shown under current liabilities (Note 37.1)	**(608,021,150)**	(350,000,000)
Current portion of long-term borrowings	**(599,626,000)**	(350,000,000)
Accrued finance cost	**(8,395,150)**	-
Long-term portion of borrowings (Note 37.1)	**17,849,114,887**	18,381,613,269

25 Long-term borrowings (continued)

25.3 Facilities' currency denomination

Essentially 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:

	31 December 2021 (US$)	31 December 2020 (US$)
Public Pension Agency (US$)	**1,759,974,230**	1,759,974,230
Islamic and commercial banks facilities:		
Riyad Bank - as agent for the Murabaha facility (SAR)	**1,815,599,013**	1,815,599,013
Riyad Bank - as agent for the Wakala facility (SAR)	**506,666,667**	506,666,667
Saudi Industrial Development Fund (SAR)	**918,666,667**	1,012,000,000
Total	**5,000,906,577**	5,094,239,910

25.4 Maturity profile of long-term borrowings

	Notes	31 December 2021	31 December 2020
2021		**-**	426,000,000
2022		**973,687,239**	975,924,679
2023		**1,012,015,780**	1,024,276,393
2024		**995,552,036**	1,051,583,677
2025		**1,232,688,803**	1,336,592,117
2026		**1,493,062,470**	1,641,175,007
2027		**1,673,452,708**	1,867,039,871
2028		**1,932,221,221**	2,153,794,085
2029		**2,051,587,969**	2,281,043,234
2030 and thereafter		**10,532,705,617**	11,181,529,653
Total	36.3	**21,896,973,843**	23,938,958,716

25.5 Security

The following assets were pledged as security for these long-term borrowings in accordance with the applicable CTAs:

	Notes	31 December 2021	31 December 2020
Mine properties	11.3	**3,093,347,100**	3,359,946,501
Property plant and equipment	12.3	**19,716,928,711**	20,934,943,392
Capital work-in-progress	14.3	**1,442,945,254**	801,779,312
Total		**24,253,221,065**	25,096,669,205

26 Provision for decommissioning, site rehabilitation and dismantling obligations

	Notes	31 December 2021	31 December 2020
Al-Khabra mine			
1 January		**106,642,865**	126,580,117
Unwinding of discount during the year arising from the passage of time	10	**3,844,956**	2,386,015
Increase / (decrease) in provision during the year	11	**18,840,843**	(22,323,267)
Total		**129,328,664**	106,642,865

Commenced commercial production in	2017
Expected closure date	2045

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26 Provision for decommissioning, site rehabilitation and dismantling obligations (continued)

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. Management 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.

27 Lease liabilities

The Company has entered into certain agreements which entitled the Company to right of use asset and obligations relating to certain vehicles and heavy equipment's (Note 13).

	Notes	31 December 2021	31 December 2020
Future minimum lease payments	13	**58,255,656**	58,635,204
Less: Repayment of minimum lease payments		**(28,069,715)**	(24,409,510)
Sub-total	13, 27.1	**30,185,941**	34,225,694
Less: Future finance cost not yet due	10	**(770,532)**	(1,001,917)
Net present value of minimum lease payment	13, 36.3, 37	**29,415,409**	33,223,777
Less: Current portion shown under current liabilities	36.3	**(17,389,526)**	(23,329,714)
Non-current portion of lease liabilities	13	**12,025,883**	9,894,063

27.1 Maturity profile of lease liabilities

	Note	31 December 2021	31 December 2020
2021		**-**	24,204,824
2022		**17,905,918**	10,020,870
2023		**7,368,000**	-
2024		**4,912,000**	-
Total	13	**30,185,918**	34,225,694

28 Other non-current liabilities

	31 December 2021	31 December 2020
Gross retention withheld from progress payments	**468,767,355**	499,339,263
Less: Current portion of retention from contractors payable less than 12 months and shown under current liabilities	**(468,767,355)**	(499,339,263)
Net long-term portion of retention withheld from progress payments	**-**	-
Other non-current liability	**67,027,460**	47,265,088
Total	**67,027,460**	47,265,088

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29 Employees' benefits

	Notes	31 December 2021	31 December 2020
Employees' end of service termination benefits obligation	29.1	**72,578,142**	64,433,682
Employees' savings plan	29.2	**8,554,922**	6,947,875
Total		**81,133,064**	71,381,557

29.1 Employees' end of service termination benefits obligation

	Notes	31 December 2021	31 December 2020
1 January		**64,433,682**	46,614,495
Total amount recognised in profit or loss	32.2	**12,071,520**	11,403,697
Current service cost		**10,409,193**	9,539,117
Interest expense	10	**1,662,327**	1,864,580
Loss attributable to the re-measurements recognised in other comprehensive income / (loss)		**1,846,166**	2,868,035
Loss from change in financial assumptions		**-**	1,287,939
Experience losses		**1,846,166**	1,580,096
Settlements	32.2	**(3,957,172)**	(1,814,161)
Transfer from the plan		**(1,816,054)**	5,361,616
Total	29	**72,578,142**	64,433,682

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 of the Kingdom of Saudi Arabia.

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.

Significant actuarial assumptions

The significant actuarial assumptions were as follows:

	31 December 2021	31 December 2020
Discount rate	**2.70 %**	2.60 %
Salary growth rate	**2.70 %**	2.60 %
Employee mortality rate	**AM 80 Table**	AM 80 Table
Employee withdrawal rate	**7.0 %**	7.0 %

Sensitivity profile

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Sensitivity level %		Impact on Employees' end of service termination benefits obligation	
	Increase	Decrease	Increase	Decrease
31 December 2021				
Discount rate	**1%**	**1%**	**(11,071,674)**	**8,944,028**
Salary Increase rate	**1%**	**1%**	**9,023,085**	**(10,952,911)**
Mortality rate	**10%**	**10%**	**(13,966)**	**13,927**
Withdrawal rate	**10%**	**10%**	**(330,249)**	**315,420**

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29 Employees' benefits (continued)

29.1 Employees' end of service termination benefits obligation (continued)

Sensitivity profile

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Sensitivity level %		Impact on Employees' end of service termination benefits obligation	
	Increase	**Decrease**	**Increase / (Decrease)**	
31 December 2020				
Discount rate	1%	1%	(7,711,373)	9,519,430
Salary Increase rate	1%	1%	9,417,346	(7,779,704)
Mortality rate	10%	10%	(13,493)	13,531
Withdrawal rate	10%	10%	(303,573)	318,075

The above sensitivity analyses are based on a change in an 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 compared to the prior year.

Effect of defined benefit plan on entity's future cash flows

The weighted average duration of the defined benefit obligation is 13.79 years. The expected maturity analysis of undiscounted defined benefit obligation is as follows:

	31 December 2021	31 December 2020
2021	-	6,061,109
2022	**6,104,466**	3,240,006
2023	**3,456,714**	2,855,331
2024	**2,916,262**	2,311,891
2025	**3,224,637**	2,530,380
2026	**2,827,929**	2,769,518
2027 and thereafter	**90,700,839**	74,565,497
Total	**109,230,847**	94,333,732

29.2 Employees' savings plan

	Notes	31 December 2021	31 December 2020
1 January		**6,947,875**	3,935,462
Contribution for the year	14.2, 32.2	**3,031,181**	4,188,791
Withdrawals during the year		**(1,424,134)**	(1,176,378)
Total	3.17, 22 & 29	**8,554,922**	6,947,875

30 Projects, trade and other payable

	Note	31 December 2021	31 December 2020
Projects		**494,828,045**	831,422,154
Trade		**298,503,019**	223,374,665
Others		**8,518,197**	9,069,071
Total	36.3	**801,849,261**	1,063,865,890

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31 Accrued expenses

	Note	31 December 2021	31 December 2020
Projects		**83,739,360**	63,796,641
Trade		**823,337,678**	331,601,359
Employees		**32,952,783**	40,449,510
Total	35.3	**940,029,821**	435,847,510

32 Zakat and income tax payable

	Notes	31 December 2021	31 December 2020
Zakat payable	32.1, 32.3	**35,869,915**	-
Income tax payable	32.4	**7,600,358**	-
Total		**43,470,273**	-

32.1 Components of zakat base

The significant components of the zakat base for the Company attributable to the Saudi Arabian shareholders in proportion with their direct shareholding of 75% (Notes 1 and 23), under the zakat and the income tax regulations, are:

	Notes	31 December 2021	31 December 2020
Shareholders' equity, 1 January		**4,711,341,497**	4,727,740,992
Provisions at the beginning of the year		**157,535,648**	145,674,913
Long-term borrowings, net of cash	25, 22	**13,836,555,668**	14,048,709,952
Lease liabilities / (assets) - net	27	**(275,986)**	333,234
Other non-current liability		**57,209,065**	35,448,816
Retention payable	28.1	**351,575,516**	374,504,447
Project, trade and other payable	30	**433,956,761**	10,835,720
Sub-total		**19,547,898,169**	19,343,248,074
Mine properties	11	**(2,240,634,895)**	(2,447,976,018)
Property, plant and equipment	12	**(14,808,239,020)**	(15,701,207,544)
Capital work-in-progress	14	**(1,370,164,127)**	(673,318,341)
Spare parts	20	**(503,632,768)**	(532,137,371)
Employee loans	16	**(17,253,389)**	(7,422,011)
Provision for decommissioning, site rehabilitation and dismantling obligations	26	**-**	(16,742,450)
Zakat base for the year		**607,973,970**	(35,555,661)
Adjusted net loss for the year	32.2	**-**	998,457,920
Net Zakat base		**607,973,970**	962,902,259
Zakat due at 2.57768% on Zakat base for the year 2021 and Zakat due at 2.58474% on Zakat base for the year 2020	32.3	**15,671,645**	24,888,520
Zakat Calculation based on adjusted net income / (loss):			
Adjusted net income / (loss) for the year	32.2	**807,930,806**	(998,457,920)
Zakat rate applicable to the Company		**2.5%**	2.5%
Zakat due at 2.5% on adjusted income / (loss) for the year	32.3	**20,198,270**	(24,961,448)
Net Zakat due on zakat base and on adjusted net income / (loss)		**35,869,915**	-

Zakat is calculated on (i) zakat base at 2.5% and (ii) adjusted net income at 2.58474%.

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32 Zakat and income tax payable (continued)

32.2 Adjusted income / (losses) calculation for zakat and tax provision

	Notes	31 December 2021	31 December 2020
Accounting income / (loss) for the year		**1,015,465,319**	(1,352,133,174)
Add/less: Disallowable expenses			
Depreciation per accounting rates	11.1, 12.1	**1,281,248,468**	1,291,102,432
Depreciation under right of use assets	13	**25,953,350**	23,480,891
Write-off of fixed assets	11, 12	**275,751,790**	-
Provision for employees' end of service termination benefits	29.1	**10,255,466**	16,765,313
Provision for savings plan	29.2	**920,805**	1,675,451
Provision for decommissioning		**3,844,956**	2,386,015
Provision for community development program		**14,867,666**	-
Provision for research and development program		**14,867,666**	-
Provision for severance fee		**18,106,887**	-
Interest cost under lease liabilities		**1,028,675**	957,786
Interest charges in excess of the allowable limit		**231,312,455**	587,202,791
Sub-total		**1,878,158,184**	1,923,570,679
Less: Claims			
Payments of employees' end of service termination benefits charged against provision	29.1	**(3,957,172)**	(1,814,161)
Payment of savings plan provision		**(440,905)**	(592,044)
Depreciation per ZATCA rates		**(2,658,479,488)**	(3,346,644,972)
Repayment of lease liabilities net		**(28,069,715)**	(24,409,510)
Sub-total		**(2,690,947,280)**	(3,373,460,687)
Adjusted income / (loss) for tax calculations		**202,676,222**	(2,802,023,182)
Add/less adjustment for tax calculation:			
Depreciation differential between IFRS and ZATCA rates (net of write-off)		**1,101,479,231**	2,055,542,540
Interest charges in excess of the allowable limit		**(231,312,455)**	(587,202,791)
Payments of employees' end of service termination benefits charged against provision	29.1	**4,398,077**	2,406,206
Adjusted income / (loss) for zakat calculations		**1,077,241,075**	(1,331,277,227)
Allocation of adjusted income / (loss):			
Saudi Arabian shareholder (75%)	32.1	**807,930,806**	(998,457,920)
Foreign shareholder (25%)	32.5	**50,669,055**	(700,505,795)

The ZATCA and Ministry of Finance issued MR no. 2216 dated 7/7/1440H, for the new zakat and income tax regulations and became effective from 1 January 2019.

32.3 Zakat payable attributable to Saudi Arabian shareholders

Zakat is only payable by the Saudi Arabian shareholders at 2.578% on all components of zakat base except for adjusted net income for the year which is subject to zakat at the rate of 2.5%.

	Notes	31 December 2021	31 December 2020
1 January		**-**	13,904,140
Provision for zakat net of reversal made during the year		**35,869,915**	(1,393,491)
Saudi Arabian shareholders' 75% proportionate share of the year adjusted income	32.1	**35,869,915**	-
Over provision for the prior year		**-**	(1,393,491)
Paid during the year		**-**	(12,510,649)
Total	32	**35,869,915**	-

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32 Zakat and income tax payable (continued)

32.4 Income tax payable attributable to foreign shareholder

Income tax is payable at the rate of 20% by the foreign shareholder on their proportionate share of the Company's estimated taxable income. During the year ended 31 December 2020, no provision for income tax has been recorded by the Company due to adjusted net loss.

		31 December 2021	31 December 2020
Adjusted income / (loss) **for tax** calculations		**202,676,222**	(2,802,023,182)
Foreign shareholders' 25% proportionate share		**25%**	25%
Foreign shareholders' 25% proportionate share of the year income tax		**50,669,055**	(700,505,795)
Less: Brought forward losses – claimed to the extent of 25% adjusted profit		**(12,667,264)**	-
Taxable income / (loss) on foreign shareholder		**38,001,791**	(700,505,795)
Income tax rate applicable to the Company		**20%**	20%
Income tax provision for the year	32	**7,600,358**	-

Income tax payable attributable to foreign shareholders

	Notes	31 December 2021	31 December 2020
1 January		**-**	-
Provision for income tax for the year		**7,600,358**	-
Foreign shareholders' 25% proportionate share of the year income tax provision	32.4	**7,600,358**	-
Over provision for the prior year		**-**	-
Paid during the year		**-**	-
Total	32.4	**7,600,358**	-

32.5 Income tax (credit) / expense

	31 December 2021	31 December 2020
Profit / (loss) before zakat and income tax	**1,015,465,319**	(1,352,133,174)
Income tax rate applicable to the Company	**20%**	20%
Foreign shareholders' 25% proportionate share of the year accounting loss	**25%**	25%
Income tax on foreign shareholder	**50,773,266**	(67,606,659)
Tax effect of expenses disallowed	**11,796,905**	29,360,140
Tax effect of other differences	**(1,435,320)**	(296,443)
Income tax expense / (credit) for the year	**61,134,851**	(38,542,962)

Reconciliation of deferred tax and income tax:

	Note	31 December 2021	31 December 2020
Deferred tax assets credited to income statement		**(981,386)**	(142,091,395)
Deferred tax liabilities debited to income statement		**54,515,879**	103,548,433
Net impact of deferred tax		**53,534,493**	(38,542,962)
Add: Income tax charge for the year	32.4	**7,600,358**	-
Income tax expense / (credit) for the year		**61,134,851**	(38,542,962)

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32 Zakat and income tax payable (continued)

32.6 Status of final certificate and assessments

The Company has filed its zakat and income tax returns for the years 2014 through 2020. However, no final assessment has been issued by the ZATCA. The Company received provisional zakat and tax certificates for the years 2014 to 2020.

33 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 to the Government of Saudi Arabia severance fees, representing equivalent of 20% of hypothetical income in addition to a specified percentage of the net value of the minerals upon extraction effective from 01 January 2021 which supersedes the Royal Decree No. 47/M dated 20 Sha'aban 1425H (corresponding to 4 October 2004), which required the Company to pay to the Government of Saudi Arabia severance fee representing 25% of the annual net income per mining license or the equivalent of 20% of hypothetical income, whichever was lower.

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

33.1 The provision for severance fees payable by phosphate mines is calculated as follows:

	Note	Year ended 31 December 2021	Year ended 31 December 2020
Net income / (loss) from the operating phosphate mine before severance fee for the year		**265,583,073**	(515,355,315)
25% of the year net income / (loss) as defined		**-**	(128,838,829)
Add: Disallowable expenses		**359,996,492**	-
Less: Claims		**(357,859,001)**	-
Adjusted net profit / (loss) for mining activity during the year		**267,720,564**	(128,838,829)
20% income tax on adjusted profit during the year		**53,544,113**	-
Add: Fees for the value of minerals upon extraction		**432,689**	-
Less: Provision for zakat	32.1	**(35,869,915)**	-
Net severance fee provision for the year		**18,106,887**	-

34 Related party transactions and balances

34.1 Related party transactions

The Company is ultimately owned by Public Investment Fun ("PIF") (a sovereign wealth fund of the Kingdom of Saudi Arabia). Transactions with related parties carried out during the year, in the normal course of business, are summarized below:

	Notes	Year ended 31 December 2021	Year ended 31 December 2020
Sales made by the Company through marketer:			
Saudi Arabian Mining Company – Ma'aden, the parent company	5, 21	**4,011,782,844**	2,173,300,124
SABIC	5, 21	**1,061,548,144**	437,335,391
Mosaic Phosphates B.V.	5, 21	**1,088,098,638**	750,860,049

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34 Related party transactions and balances (continued)

34.1 Related party transactions (continued)

	Notes	Year ended 31 December 2021	Year ended 31 December 2020
Expenses charged by the shareholders to the Company			
Marketing fee for			
Saudi Arabian Mining Company – Ma'aden, the parent company	7	**170,953,141**	89,474,733
SABIC	7	**45,230,208**	19,080,072
Mosaic Phosphates B.V.	7	**45,876,169**	31,881,969
Deductible reimbursement by			
Saudi Arabian Mining Company – Ma'aden, the parent company	7	**7,670,193**	36,056,717
SABIC		**5,706,050**	6,195,589
Mosaic Phosphates B.V.	7	**72,768**	8,921,349
Expenses charged by Ma'aden to the Company			
Allocation of head office shared services charges by Ma'aden to the Company		**81,092,810**	61,026,697
Expenses charged by Mosaic to the Company			
Cost of seconded employees, technology fee and other cost paid to The Mosaic Company		**21,791,496**	45,255,332
Expenses charged by fellow subsidiaries to the Company			
Personnel and administration related services charged by MPC to the Company		**189,518,777**	223,184,363
Advance to contractors through Ma'aden Infrastructure Company		**-**	1,736,892
Net product received from MPC under Product Swap Agreement		**1,945,634**	-
Finance cost charged by PIF to the Company			
Finance cost related to long-term borrowing charged by PIF to the Company	10	**-**	114,597,316
Raw materials supply by Saudi Aramco to the Company			
Molten sulfur, natural gas, and diesel supplies by Aramco to the Company		**745,102,547**	292,675,361

The Company also has borrowing arrangement with certain other governmental agencies at market terms. See Note 25 for significant transactions entered during the year.

34.2 Related party balances

	Notes	31 December 2021	31 December 2020
Due from shareholders			
Ma'aden – Operational current account transactions	17.1	**141,022,271**	21,166,816
Ma'aden – Trade receivable	21	**597,200,914**	307,997,575
Sub-total		**738,223,185**	329,164,391
SABIC	21	**41,481,619**	28,918,417
Mosaic Phosphates B.V.	21	**199,951,194**	65,732,053
Total		**979,655,998**	423,814,861

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34 Related party transactions and balances (continued)

34.2 Related party balances (continued)

Balances arising from transactions with related parties are as follows:

	Notes	31 December 2021	31 December 2020
Due to shareholders			
Ma'aden – Allocation of head office shared services	17.2	**72,575,054**	37,467,785
Mosaic Phosphates B.V.	17.2	**4,778,129**	3,246,534
Total		**77,353,183**	40,714,319
Due from fellow subsidiaries			
Ma'aden Phosphate Company	18.1	**66,215,420**	9,127,974
Ma'aden Aluminum Company	18.1	**-**	222,459
Ma'aden Gold and Base Metals Company	18.1	**-**	2,208,510
Total	18.1	**66,215,420**	11,558,943
Due to fellow subsidiaries			
Ma'aden Phosphate Company	18.2	**89,869,155**	30,050,422
Ma'aden Aluminum Company	18.2	**2,126,245**	1,811,661
Ma'aden Gold and Base Metals Company	18.2	**-**	4,867
Industrial Minerals Company	18.2	**1,372,612**	761,297
Ma'aden Fertilizer Company	18.2	**1,367,479**	-
Ma'aden Infrastructure Company:	18.2		
• Direct		**196,906**	335,439
• Northern Promise Social Housing Project		**-**	167,469
Total	18.2	**94,932,397**	33,131,155
Non-trade receivable – related to molten sulfur rebate to Saudi Aramco			
Saudi Aramco	21	**215,419,453**	80,187,661
Trade payable to Saudi Aramco			
Saudi Aramco	30	**13,172,127**	27,084,413

35 Commitments and contingent liabilities

35.1 Capital commitments Guarantees

	31 December 2021	31 December 2020
Guarantee in favor of Saudi Aramco, for future supply of molten sulfur	**234,375,000**	234,375,000
Guarantee in favor of Saudi Aramco, for future diesel and gas feedstock supplies	**55,306,138**	42,356,138
Letter of credit in favor of Andritz SAS, for future supply of materials	**8,499,886**	16,383,897
Guarantee in favor of Jubail Commercial Port, for warehouse rental in Jubail	**393,663**	67,872
Letter of credit in favor of Ministry of Petroleum and Mineral Resources, for future purified phosphoric acid, fuel and feed stocks supplies	**262,500,000**	262,500,000
Guarantee in favor of Elin Motoren GMBH, for future supply of spare parts	**-**	1,561,275
Guarantee in favor of Mitsubishi Corporation, for future supply of materials	**-**	11,910,300

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35 Commitments and contingent liabilities (continued)

35.2 Capital commitments

	31 December 2021	31 December 2020
Capital expenditure contracted for:		
Progress payment commitments in accordance with contractual obligation	**207,569,802**	289,053,057

35.3 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.

36 Financial risk management

The Company's activities expose it to a variety of financial risks such as:

- market risk
- credit risk and
- liquidity risk

36.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk:

- foreign currency risk,
- interest rate risk and
- commodity risk

Financial instruments affected by market risk includes loans and borrowings, deposits and short-term investments, trade receivables, trade payables and accrued liabilities.

The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed-to-floating interest rates on the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant. The sensitivity analysis is intended to illustrate the sensitivity to changes in market variables on the Company's financial instruments and show the impact on profit or loss and shareholders' equity, where applicable.

The Company's overall risk management program focuses on the unpredictability of financial market and seeks to minimize potential adverse effects on the Company's financial performance.

36.1.1 Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional and reporting currency is the Saudi Riyal. The Company's transactions are principally in Saudi Riyals, US Dollars and Euros. Management monitor the fluctuations in currency exchange rates and believes that the currency risk is not significant. The bulk of the exposure is in USD and the Saudi Riyal is pegged at SAR 3.75: USD 1 therefore, the Company is not exposed to any risk from USD denominated financial instruments.

All commodity sales contracts are denominated in USD price and so is the bulk of the procurement and capital expenditure contracts.

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36 Financial risk management (continued)

36.1 Market risk (continued)

36.1.1 Foreign currency risk (continued)

The Company's exposure to foreign currency risk (Euro) at the end of the reporting year, expressed in SAR, was as follows:

	31 December 2021	31 December 2020
Trade payables:		
Projects	**4,419,601**	6,321,027

Amount recognised in financial statements

During the year, the following foreign-exchange related amounts were expensed:

	Year ended 31 December 2021	Year ended 31 December 2020
Foreign exchange (gain) / loss	**(9,378,217)**	(4,036,354)

Foreign currency sensitivity analysis

The Company is primarily exposed to changes in SAR/EURO exchange rates. The sensitivity of profit or loss and equity to changes in the foreign exchange rates arises mainly from Euro denominated payable balance.

Impact on post tax profit / equity due to increase / (decrease) in foreign exchange rate

	Year ended 31 December 2021	Year ended 31 December 2020
SAR/EURO exchange rate		
- increase 10%	**441,960**	632,103
- decrease (10%)	**(441,960)**	(632,103)

36.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term borrowing which expose the Company to cash flow interest rate risk.

The Company's receivables and fixed rate borrowings carried at amortised cost are not subject to interest rate risk as defined in IFRS 7, since neither the fair value nor the future cash flows will fluctuate because of a change in market interest rates. Hence, the Company is not exposed to fair value interest rate risk.

The exposure of the Company's borrowing to interest rate changes and the contractual re-pricing dates of the fixed interest rate borrowings at the end of the reporting year are as follows:

	Note	31 December 2021	31 December 2020
Fixed interest rate – repricing dates	25.3	**18,753,399,664**	19,103,399,660
Average 1-month LIBOR rate		**0.15%**	0.15%
Average 1-month SIBOR rate		**0.17%**	0.17%
Average annual interest rate		**1.85%**	1.85%

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36 Financial risk management (continued)

36.1 Market risk (continued)

36.1.2 Interest rate risk (continued)

Interest rate sensitivity analysis

Profit or loss is sensitive to higher / lower interest expense from long-term borrowings as a result of changes in interest rates. The Company's profit / (loss) before tax is affected as follows:

	31 December 2021	31 December 2020
Interest rates		
- increase by 100 basis points	**189,283,997**	191,033,997
- decrease by 100 basis points	**(189,283,997)**	(191,033,997)

Transition from LIBOR to risk free rates

The Company is assessing the impact and next steps to ensure a smooth transition from LIBOR to the new benchmark rates. Further details are explained in Note 2 of these financial statements.

36.1.3 Commodity price risk

The Company is exposed to the risk of fluctuation in prevailing market commodity prices on the ammonia product.

The Company makes sale of certain ammonia products on a provisional pricing basis. Revenue and a corresponding receivable from the sale of the provisional priced commodities is recognized at a point in time, where control of goods has been transferred to customers and revenue can be measured reliably. At this date, the amount of revenue and receivable to be recognized will be estimated based on the forward market price of the commodity being sold. However, the Company faces a risk that future adverse change in price of ammonia products would result in the reduction of receivable balance.

The Company does not generally believe commodity price hedging would provide a long-term benefit to the shareholders.

Commodity price exposure

The exposure of the Company's receivable balance to changes in commodity prices are as follows:

	Note	31 December 2021	31 December 2020
Trade receivables from shareholders pertaining to:			
Di-ammonium phosphate fertilizer sales		**581,195,844**	348,748,696
Ammonia sales		**257,437,883**	53,899,349
Total	21	**838,633,727**	402,648,045

Commodity price sensitivity analysis

The table shows the impact on profit before tax and equity for changes in commodity prices. The analysis is based on the assumption that ammonia and phosphate prices move 10% with all other variables held constant.

	31 December 2021	31 December 2020
Increase / (decrease) in di-ammonium phosphate fertilizer prices		
Increase of 10% in SAR per tonne	**58,119,584**	34,874,870
Decrease of 10% in SAR per tonne	**(58,119,584)**	(34,874,870)
Increase / (decrease) in ammonia prices		
Increase of 10% in SAR per tonne	**25,743,788**	5,389,935
Decrease of 10% in SAR per tonne	**(25,743,788)**	(5,389,935)

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36 Financial risk management (continued)

36.1 Market risk (continued)

36.2 Credit risk

Is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company is exposed to credit risk on the following financial instruments, while it uses two types of ECL approaches for its financial instruments;

	Notes	Category	Impairment model approach	31 December 2021	31 December 2020
Financial assets class					
Due from shareholder	34	Amortised	General	**141,022,271**	**21,166,816**
Due from fellow subsidiaries	34	Amortised cost	General	**66,215,420**	**11,558,943**
Trade receivables	21	FVTPL	Not applicable	**838,633,727**	**402,648,045**
Other receivables	21	Amortised cost	General	**229,920,985**	**80,187,661**
Cash and cash equivalents	22	Amortised cost	General	**1,299,586,856**	**390,420,893**
Total				**2,575,379,259**	**905,982,358**

ECL approaches

The Company uses staging criteria to determine the ECL on its financial instruments. Following are the stages which are being used by the Company to determine ECL:

Stage	Description	Loss Recognition
1	Performing	12 months ECL
2	Significant increase in credit risk	Lifetime ECL
3	Credit impaired	Lifetime ECL

Stage-1 - Performing or low credit risk

Sr. no	Indicators	Cash and Cash equivalents	Time deposits
1	Days past Due	0	0
2	External rating (where applicable)*	Investment Grade	Investment Grade

*External ratings present classification of the rating grades, issued by the External Credit Assessment Institutions (ECAI), into those considered as "investment grades", "non-investment grades" and "in default". If Counterparty does not have external rating, the Company uses Sovereign Rating. Where Sovereign Rating is Investment Grade, Counterparty's rating should be one notch downgraded (vis a vis Sovereign rating). While, where Sovereign Rating is Non-Investment Grade, Counterparty's rating should be two notches downgraded (vis a vis Sovereign Rating).

The Company uses "low credit risk" practical expedient for the following financial instruments categories:

- Cash & Cash equivalents;
- Time deposits; and
- Other investments.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition, and therefore the ECL is estimated at an amount equal to the expected credit losses for a period of 12 months, as these financial instruments are determined to have low credit risk at the reporting date.

36 Financial risk management (continued)

36.2 Credit risk (continued)

ECL approaches

Stage-2 - Significant increase in credit risk ("SICR")

The Company considers the following indicators to be determinants of the SICR:

Sr. no	Indicators	Cash and Cash equivalents	Time deposits
1	Days past Due	1-6	1-6
2	External rating	External rating for the counterparty downgraded to "Non-Investment Grade" (NIG) relative to "Investment Grade" (IG) as of initial recognition date.	External rating for the counterparty downgraded to "Non-Investment Grade" (NIG) relative to "Investment Grade" (IG) as of initial recognition date.

To identify SICR, where applicable, the Company undertakes a holistic analysis of various factors, including those which are specific to a particular financial instrument or to a Counterparty.

Stage-3 - Credit impaired or definition of default

The Company considers the following indicators to be determinants of a credit impaired financial asset:

Sr. no	Indicators	Cash and Cash equivalents	Time deposits	Other investments	Trade and other receivables*
1	Days past due	7+	7+	30+	90+
2	External rating (where applicable)	In default	In default	In default	In default

* If the Company has reasonable and supporting information to demonstrate that the counterparty is not impaired, but has crossed DPD of 90+, then it would be classed as Stage 2 exposure and the Company applies stage-2 for ECL estimation.

Similarly, where the counterparty balance does not go beyond DPD of 90+, but the Company has reasonable and supporting information to demonstrate that counterparty will face significant financial difficulty:

- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- other information.

In this case, ECL would be applied as follows:

a) The Company estimates definition of default at the counterparty's level and includes all financial instruments to Stage 2, if the balance amount of the exposure in default is not more than 5% from the total receivables amount from the counterparty; and
b) The Company evaluates definition of default at the counterparty's level and includes all financial instruments for Stage 3, if the balance amount of exposure in default exceeds 5% of the total receivable amount from the counterparty.

General approach for estimating ECL:

The Company uses the following staging criteria when using the general approach for estimating ECL:

a) At initial recognition, Stage 1 is assigned to the financial asset;

b) At subsequent measurement date, a financial asset would be classed in:

  - **Stage 1**, if at the reporting date it is not credit-impaired and credit risk has not increased significantly since initial recognition or it belongs to a low credit risk portfolio;
  - **Stage 2**, if at the reporting date it is not credit-impaired and credit risk has increased significantly since initial recognition; or
  - **Stage 3**, if at the reporting date it is credit-impaired.

36 Financial risk management (continued)

36.2 Credit risk (continued)

Simplified approach for estimating ECL:

The Company uses a simplified approach for estimating ECL of trade and other receivables using the credit ratings for the counterparties.

The Company has limited number of customers and have no history of defaults. The Company does not use any groupings for the counterparties for the assessment of credit risk. The Company calculates life time ECL through an internally developed model. Life time ECL is computed based on days past due and rating grade of the counterparty. An allowance for life time ECL is reported either as "not impaired" or "impaired" exposure accordingly.

Where the receivable is credit impaired, the indicators for which include the receivable being 90 days overdue or the credit rating for the counterparty being downgraded to NIG relative to IG as of initial recognition date, the probability of default for ECL determination is considered as 100%. The Company does not hold collateral as security. The letters of credit and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment, based on which, the Company does not have any history of write-offs. At 31 December 2021, 100% (2020: 100%) of the Company's trade receivables are covered by letters of credit and other forms of credit insurance. Credit limits are established for all customers based on internal rating criteria. Outstanding trade receivables are regularly monitored and any credit concerns highlighted to senior management. For concentration of credit risk – see Note 21 and 34.

Credit risk exposure

The Company ensures that the cash collection is made on time from its counterparties, including deposits with banks and financial institutions. Credit limits are established for all customers based on internal rating criteria. Outstanding trade receivables are regularly monitored and any credit concerns highlighted to senior management.

The Company has limited number of customers and have no history of defaults. The Company calculates life time ECL through an internally developed model Life time ECL is computed based on days past due and rating grade of the counterparty. An allowance for life time ECL is reported either as "not impaired" or "impaired" exposure accordingly.

Cash and short-term investments are substantially placed with commercial banks with sound credit ratings. For banks and time deposits, only independently rated parties with a minimum credit of Baa3 are accepted. Time deposits are placed with financial institutions with investment grade rating, which are considered to have low credit risk, hence provision is recognised at an amount equal to 12 month ECL unless there is evidence of significant increase in credit risk of the counter party.

For concentration of credit risk – see Note 21 and 34.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. In addition to the use of credit ratings, it considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- External credit rating (as far as available).
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations.
- Significant increases in credit risk on other financial instruments of the same borrower.
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Company and changes in the operating results of the borrower.

As of 31 December 2021 and 2020, the Company has not recognized any ECL allowance as the ECL on trade and other receivables and other financial assets is not material to the financial statements.

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36 Financial risk management (continued)

36.2 Credit risk (continued)

Trade and other receivables

As at the balance sheet date, the analysis of trade receivable that were neither past due nor impaired are as follows (Note 21):

	Note	31 December 2021	31 December 2020
Neither past due nor impaired		**838,633,727**	397,153,703
Past due but not impaired			
< 30 days		**-**	603,872
31 – 60 days		**-**	230,273
61 – 90 days		**-**	4,660,197
> 90 days		**-**	-
Total	21	**838,633,727**	402,648,045

As at the balance sheet date, the analysis of non-trade receivable that were past due but not impaired are as follows (Note 21):

	Note	31 December 2021	31 December 2020
Neither past due nor impaired		**28,458,678**	21,364,470
Past due but not impaired			
< 30 days		**22,328,000**	6,027,795
31 – 60 days		**19,978,000**	6,428,000
61 – 90 days		**22,224,542**	2,261,495
> 90 days		**150,888,911**	61,949,099
Total	21	**243,878,131**	98,030,859

Geographical distribution of revenue generation

The Company has, through the marketing agreement with its three shareholders (Note 21), indirect exposure to the following major customers, in the following countries:

Geographical distribution of revenue generation by destination is as follows:

	Notes	31 December 2021	31 December 2020
Ammonia sales			
International			
India		**243,444,000**	234,479,624
Korea		**256,066,567**	157,657,595
China		**331,234,569**	90,635,665
Taiwan		**133,383,179**	28,564,867
Jordan		**120,537,620**	20,205,240
Switzerland		**-**	25,258,851
Various		**53,665,875**	29,709,174
Sub-total	5	**1,138,331,810**	586,511,016
Di-ammonium phosphate (DAP) fertilizer sales			
International			
India		**3,947,706,992**	1,731,354,567
United States of America		**524,071,024**	193,955,895
Kenya		**369,653,071**	193,773,241
Bangladesh		**69,089,285**	408,386,399
Pakistan		**38,671,875**	80,076,277
Various		**61,761,120**	80,297,606
Sub-total	5	**5,010,953,367**	2,687,843,985
Domestic		**12,144,449**	87,140,562
Sub-total		**5,023,097,816**	2,774,984,547
Total	5, 34.1	**6,161,429,626**	3,361,495,563

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36 Financial risk management (continued)

36.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments.

As at 31 December 2021, the Company's liquidity position is improved, and its current assets exceeded the current liabilities by Saudi Riyals 775.12 million. However, for comparative year, it had a net current liability position (31 December 2020: current liabilities exceeded the current assets by Saudi Riyals 244.7 million). MWSPC has unpaid share capital of SAR 495 million and it can be called from the shareholders at any time considering the liquidity position of the Company. In addition to above, as per the most recent five years' approved business plan of the Company, management expects to continue to generate positive operating cash flows to settle its current liabilities in the normal course of the business. Accordingly, the accompanying financial statements have been prepared under the going concern basis.

Further, prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Further, the Company's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

	Note	31 December 2021	31 December 2020
Cash and cash equivalents	22	**1,299,586,856**	390,420,893

Maturities of financial liabilities

The tables below analyze the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

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36 Financial risk management (continued)

36.3 Liquidity risk (continued)

Maturities of financial liabilities

Contractual maturities of financial liabilities	Notes	1st year	2nd year	3 – 5 years	Over 5 years	Total contractual cash flows	Carrying amount liabilities
Non-derivatives as at							
31 December 2021							
Due to shareholders	17.2	77,353,183	-	-	-	77,353,183	77,353,183
Due to fellow subsidiaries	18.2	94,932,397	-	-	-	94,932,397	94,932,397
Long-term borrowings	25.4	973,687,239	1,012,015,780	3,721,303,309	16,189,967,515	21,896,973,843	18,457,136,037
Lease liabilities	27	17,905,918	7,368,000	4,912,000	-	30,185,918	29,415,409
Other non-current liabilities	28	468,767,355	67,027,460	-	-	535,794,815	535,794,815
Projects, trade and other payable	30	801,849,261	-	-	-	801,849,261	801,849,261
Accrued expenses	31	940,029,821	-	-	-	940,029,821	940,029,821
Total		**3,374,525,174**	**1,086,411,240**	**3,726,215,309**	**16,189,967,515**	**24,377,119,238**	**20,936,510,923**
Non-derivatives as at							
31 December 2020							
Due to shareholders	17.2	40,714,319	-	-	-	40,714,319	40,714,319
Due to fellow subsidiaries	18.2	33,131,155	-	-	-	33,131,155	33,131,155
Long-term borrowings	25.4	426,000,000	975,924,679	3,412,452,187	19,124,581,850	23,938,958,716	18,731,613,269
Lease liabilities	27	24,204,824	10,020,870	-	-	34,225,694	33,223,777
Other non-current liabilities	28	499,339,263	47,265,088	-	-	546,604,351	546,604,351
Projects, trade and other payable	30	1,063,865,890	-	-	-	1,063,865,890	1,063,865,890
Accrued expenses	31	435,847,510	-	-	-	435,847,510	435,847,510
Total		2,523,102,961	1,033,210,637	3,412,452,187	19,124,581,850	26,093,347,635	20,885,000,271

MA'ADEN WA'AD AL SHAMAL PHOSPHATE COMPANY
(A Saudi Arabian limited liability company)
Notes to the financial statements for the year ended 31 December 2021
(All amounts in Saudi Riyals unless otherwise stated)

37 Capital management

37.1 Risk management

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The net debt of the Company is as follows:

	Notes	31 December 2021	31 December 2020
Cash and cash equivalents	22	**1,299,586,856**	390,420,893
Long-term borrowings – payable within one year	25.2	**(608,021,150)**	(350,000,000)
Long-term borrowings – payables after one year	25.2	**(17,849,114,887)**	(18,381,613,269)
Lease liability – payable within one year	27.1	**(17,389,526)**	(23,329,714)
Lease liability – payable after one year	27.1	**(12,025,883)**	(9,894,063)
Net debt		**(17,186,964,590)**	(18,374,416,153)

Net debt reconciliation

The movement in net debt is as follows:

	Other assets	Liabilities from financing activities				
	Cash and cash equivalents	Long-term borrowings – payable within one year	Long-term borrowings – payable after one year	Lease liability – payable within one year	Lease liability – payable after one year	Total
1 January 2020	473,917,384	(793,458,773)	(17,979,577,513)	(15,439,894)	(5,806,570)	(18,320,365,366)
Cash flows	(83,496,491)	443,458,773	(402,035,756)	(7,889,820)	(4,087,493)	(54,050,787)
31 December 2020	390,420,893	(350,000,000)	(18,381,613,269)	(23,329,714)	(9,894,063)	(18,374,416,153)
Cash flows	909,165,963	(258,021,150)	532,498,382	5,940,188	(2,131,820)	1,187,451,563
31 December 2021	**1,299,586,856**	**(608,021,150)**	**(17,849,114,887)**	**(17,389,526)**	**(12,025,883)**	**(17,186,964,590)**

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

"Total net debt divided by total equity (as shown in statement of financial position)."

The gearing ratio in accordance with the financial covenants pertaining to the long-term borrowings at the end of the year were as follows:

	Note	31 December 2021	31 December 2020
Long term debt	25.2	**18,457,136,037**	18,731,613,269
Total equity		**7,221,394,074**	6,304,779,687
Capital and debt		**25,678,530,111**	25,036,392,956
Debt to equity ratio		**2.55**	2.97

MA'ADEN WA'AD AL SHAMAL PHOSPHATE COMPANY
(A Saudi Arabian limited liability company)
Notes to the financial statements for the year ended 31 December 2021
(All amounts in Saudi Riyals unless otherwise stated)

37 Capital management (continued)

37.2 Loan covenants

As per the terms of the agreement with Saudi Industrial Development Fund ("SIDF"), the Company is required at all times after the commencement of the commercial operations of the project to maintain total liabilities to tangible net worth ratio of not more than 3:1 and current ratio not less than 1:1. As at 31 December 2021, the Company's is compliant with loan covenants and the ratio of total liabilities to tangible net worth was 3:1 and current ratio was 1.25:1.

And for Islamic and commercial banks loan facilities and PPA loan agreement, the Company is also required to maintain total net debt to tangible net worth ratio of not less than 4:1, the Company is in compliance with these loan covenants during the year.

38 Financial assets and financial liabilities

The Company holds the following classes of financial instruments:

	Notes	31 December 2021	31 December 2020
Financial assets measured at amortised cost			
Due from shareholder	17.1	**141,022,271**	21,166,816
Due from fellow subsidiaries	18.1	**66,215,420**	11,558,943
Other receivable	21	**229,920,985**	80,187,661
Cash and cash equivalents	22	**1,299,586,856**	390,420,893
Sub-total		**1,736,745,532**	503,334,313
Financial assets measured at FVTPL			
Trade receivables	21	**838,633,727**	402,648,045
Total		**2,575,379,259**	905,982,358
Financial liabilities measured at amortised cost			
Due to shareholder	17.2	**77,353,183**	40,714,319
Due to fellow subsidiaries	18.2	**94,932,397**	33,131,155
Long-term borrowings	25.2	**18,457,136,037**	18,731,613,269
Lease liabilities	27	**29,415,409**	33,223,777
Other non-current liabilities	28	**535,794,815**	546,604,351
Projects, trade and other payables	30	**801,849,261**	1,063,865,890
Accrued expenses	31	**940,029,821**	435,847,510
Total		**20,936,510,923**	20,885,000,271

In accordance with IFRS 7 paragraph 29 (a), disclosure of fair values is not required when the carrying amount is a reasonable approximation of its fair value for financial instruments such as short-term trade receivables, projects, trade and other payables and accrued expenses.

Long-term borrowings are initially recognized at their fair value (being proceeds received, net of eligible transaction cost incurred). Subsequent to the initial recognition long-term borrowings are measured at amortized cost using the effective interest rate method.

39 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Management believes that the fair values of the Company's financial assets and liabilities are not materially different from their carrying values.

Financial instruments are carried at fair value, using the following different levels of valuation methods:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

(All amounts in Saudi Riyals unless otherwise stated)

39 Fair value estimation (continued)

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting year during which the change has occurred.

The fair value of trade receivables carried at FVTPL are valued using valuation techniques, which employ the use of market observable inputs. The valuation techniques incorporate various inputs including the credit quality of counterparties and forward rate curves of the underlying commodity. As at 31 December 2020, the mark-to-market value of provisionally priced trade receivables is net of a credit valuation adjustment attributable to customer default risk. The changes in counterparty credit risk had no material effect on financial instruments recognised at fair value.

The table below presents the financial assets at their fair values as at 31 December 2021 and 31 December 2020 based on the fair value hierarchy:

	31 December 2021	**31 December 2020**
Trade receivables		
Level - 1	**-**	-
Level - 2	**838,633,727**	402,648,045
Level - 3	**-**	-
Total	**838,633,727**	402,648,045

40 Events after the reporting date

No events have arisen subsequent to 31 December 2021 and up to the date of authorization for issue and before the date of signing the independents auditor's report that could have a significant effect on the financial statements as at 31 December 2021.

Wa'ad Al-Shamal Phosphate

(A Saudi Arabian limited liability company)

Financial statements for the year ended
31 December 2022

MA'ADEN WA'AD AL SHAMAL PHOSPHATE COMPANY
(A Saudi Arabian limited liability company)
Financial statements for the year ended 31 December 2022

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MA'ADEN WA'AD AL SHAMAL PHOSPHATE COMPANY
(A Saudi Arabian limited liability company)
Administration and contact details as at 31 December 2022

Commercial registration number	3451002631	
Board of Managers	Mr. Hassan M. Al-Ali	Chairman
	Mr. Mohammed Essa Marwahi	
	Mr. Anas M. Al-Bassam	
	Mr. Attaullah Nihal	
	Engr. Yazzeed Al-Angari	
	Engr. Walter Precourt III	
	Mr. Jonathan Breviu	
Registered address	Road 12, Umm Wu'al Project Turaif 91411 Kingdom of Saudi Arabia	
Postal address	P.O.Box 202 Turaif 91411 Kingdom of Saudi Arabia	
Bankers	Banque Saudi Fransi BNP Paribas	
Auditors	PricewaterhouseCoopers 14th Floor, Al Hugayet Tower, King Abdul Aziz Street P.O.Box 467, Dhahran Airport Al-Khobar 31952 Kingdom of Saudi Arabia	

MA'ADEN WA'AD AL SHAMAL PHOSPHATE COMPANY
(A Saudi Arabian limited liability company)
Statement of Managers' responsibilities for the preparation and approval of the financial statements for the year ended 31 December 2022

The following statement, which should be read in conjunction with the independent auditor's responsibilities stated in the independent auditor's report, set out on page 3 and 4, is made with a view to distinguish the responsibilities of the Board of Managers and those of the independent auditors in relation to the financial statements of Ma'aden Wa'ad Al Shamal Phosphate Company (the "Company").

The management is responsible for the preparation of the financial statements that present fairly the financial position of the Company as at 31 December 2022, its financial performance, changes in shareholders' equity and cash flows for the year then ended, 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").

In preparing the financial statements, the management is responsible for:

- selecting suitable accounting policies and applying them consistently,
- making judgments and estimates that are reasonable and prudent,
- stating whether IFRS as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by SOCPA, have been followed, subject to any material departures disclosed and explained in the financial statements and
- preparing and presenting the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue its business for the foreseeable future.

The management is also responsible for:

- designing, implementing and maintaining an effective system of internal controls throughout the Company,
- maintaining statutory accounting records in compliance with local legislation and IFRS in the respective jurisdictions in which the Company operates,
- taking steps to safeguard the assets of the Company and
- detecting and preventing fraud and other irregularities.

The financial statements for the year ended 31 December 2022 set out on pages 5 to 73, were approved and authorized for issue by the Board of Managers on 31 January 2023 and signed on its behalf by:

Mr. Hassen M. Al-Ali
Chairman of the Board

Mr. Mohammed Eesa Marwahi
President

9 Rajab 1444H
31 January 2023
Turaif City
Kingdom of Saudi Arabia

Independent auditor's report to the shareholders of Ma'aden Wa'ad Al Shamal Phosphate Company

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ma'aden Wa'ad Al Shamal Phosphate Company (the "Company") as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

What we have audited

The Company's financial statements comprise:

- the statement of profit or loss and other comprehensive income for the year ended 31 December 2022;
- the statement of financial position as at 31 December 2022;
- the statement of changes in shareholders' equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements.

Responsibilities of management and those charged with governance for the financial statements

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

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

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

PricewaterhouseCoopers, License No. 25,
Al Hugayet Tower, P.O. Box 467, Dhahran Airport 31932, Kingdom of Saudi Arabia
T: +966 (13) 849-6311, F: +966 (13) 849-6281, www.pwc.com/middle-east

pwc

Independent auditor's report to the shareholders of Ma'aden Wa'ad Al Shamal Phosphate Company (continued)

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

PricewaterhouseCoopers

Bader I. Benmohareb
License Number 471

12 February 2023

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MA'ADEN WA'AD AL SHAMAL PHOSPHATE COMPANY
(A Saudi Arabian limited liability company)
Statement of profit or loss and other comprehensive income for the year ended 31 December 2022
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Sales	5	**10,313,104,267**	6,161,429,626
Cost of sales	6	**(5,160,607,381)**	(4,230,205,310)
Gross profit		**5,152,496,886**	1,931,224,316
Operating expenses			
Selling, marketing and logistic expenses	7	**(574,959,261)**	(314,541,310)
General and administrative expenses	8	**(198,024,490)**	(140,121,944)
Operating profit		**4,379,513,135**	1,476,561,062
Other income / (expenses)			
Income from time deposits	9	**66,097,617**	725,546
Finance costs	10	**(586,406,478)**	(440,524,635)
Other expenses, net		**(74,427,254)**	(21,296,654)
Profit before zakat and income tax		**3,784,777,020**	1,015,465,319
Zakat	34.3	**(116,053,586)**	(35,869,915)
Income tax	34.5	**(108,619,208)**	(7,600,358)
Deferred tax charge	16, 34.4	**(83,177,889)**	(53,534,493)
Profit for the year		**3,476,926,337**	918,460,553
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent years			
Loss attributable to the re-measurements of employees' end of service termination benefits obligation	31.1	**(3,405,856)**	(1,846,166)
Other comprehensive loss for the year		**(3,405,856)**	(1,846,166)
Total comprehensive income for the year		**3,473,520,481**	916,614,387

MA'ADEN WA'AD AL SHAMAL PHOSPHATE COMPANY
(A Saudi Arabian limited liability company)
Statement of financial position as at 31 December 2022
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	31 December 2022	31 December 2021
Assets			
Non-current assets			
Mine properties	11	**3,284,919,391**	3,093,347,100
Property, plant and equipment	12	**19,522,802,181**	19,744,318,693
Right-of-use assets	13	**34,594,823**	29,783,392
Capital work-in-progress	14	**882,391,680**	1,721,051,595
Intangible assets	15	**17,272,329**	-
Deferred tax assets	16.1	**384,678,233**	417,892,674
Other non-current assets	17	**17,446,897**	23,004,519
Total non-current assets		**24,144,105,534**	25,029,397,973
Current assets			
Current portion of long-term employees' homeowner's receivable	17	**10,643,415**	10,643,415
Due from shareholder	18.1	**282,876,178**	141,022,271
Due from fellow subsidiaries	19.1	**147,547,781**	66,215,420
Advances and prepayments	20	**56,764,130**	1,139,490
Inventories	21	**1,250,497,944**	1,243,924,154
Trade and other receivables	22	**1,859,495,269**	1,082,511,858
Time deposits	23	**2,550,479,170**	-
Cash and cash equivalents	24	**1,273,976,488**	1,299,586,856
Total current assets		**7,432,280,375**	3,845,043,464
Total assets		**31,576,385,909**	28,874,441,437
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	25	**7,942,501,875**	7,942,501,875
Statutory reserve			
Transfer of net income	26	**144,558,274**	35,755,763
Retained earnings / (Accumulated loss)		**2,607,854,406**	(756,863,564)
Total / net shareholders' equity		**10,694,914,555**	7,221,394,074
Liabilities			
Non-current liabilities			
Long-term borrowings	27.2	**16,724,264,122**	17,849,114,887
Provision for decommissioning, site rehabilitation and dismantling obligations	28	**62,261,932**	129,328,664
Non-current portion of lease liabilities	29	**16,401,837**	12,025,883
Other non-current liabilities	30	**143,456,386**	67,027,460
Employees' benefits	31	**94,591,912**	81,133,064
Deferred tax liabilities	16.2	**494,461,001**	444,497,552
Total non-current liabilities		**17,535,437,190**	18,583,127,510
Current liabilities			
Projects, trade and other payables	32	**861,821,702**	801,849,261
Accrued expenses	33	**793,859,093**	940,029,821
Zakat and income tax payable	34	**219,369,016**	43,470,273
Severance fee payable	35	**8,007,297**	18,106,887
Due to shareholders	18.2	**146,520,297**	77,353,183
Due to fellow subsidiaries	19.2	**154,663,648**	94,932,397
Current portion of long-term borrowings	27.2	**658,846,020**	608,021,150
Current portion of lease liabilities	29	**17,835,725**	17,389,526
Current portion of other non-current liabilities	30	**485,111,366**	468,767,355
Total current liabilities		**3,346,034,164**	3,069,919,853
Total liabilities		**20,881,471,354**	21,653,047,363
Total shareholders' equity and liabilities		**31,576,385,909**	28,874,441,437
Commitments and contingent liabilities	37		

MA'ADEN WA'AD AL SHAMAL PHOSPHATE COMPANY
(A Saudi Arabian limited liability company)
Statement of changes in shareholders' equity for year ended 31 December 2022
(All amounts in Saudi Riyals unless otherwise stated)

		Saudi Arabian shareholders			Foreign shareholder	
	Notes	**Saudi Arabian Mining Company 60%**	**Saudi Basic Industries Corporation 15%**	**Sub-total 75%**	**Mosaic Phosphates B.V. 25%**	**Total 100%**
Share capital						
1 January 2021		4,765,501,125	1,191,375,281	5,956,876,406	1,985,625,469	7,942,501,875
31 December 2021	25	4,765,501,125	1,191,375,281	5,956,876,406	1,985,625,469	7,942,501,875
31 December 2022	25	**4,765,501,125**	**1,191,375,281**	**5,956,876,406**	**1,985,625,469**	**7,942,501,875**
Transfer of net income						
1 January 2021		21,453,457	5,363,365	26,816,822	8,938,941	35,755,763
31 December 2021	26	21,453,457	5,363,365	26,816,822	8,938,941	35,755,763
Net income transferred to statutory reserve	26	65,281,506	16,320,377	81,601,883	27,200,628	108,802,511
31 December 2022	26	**86,734,963**	**21,683,742**	**108,418,705**	**36,139,569**	**144,558,274**
(Accumulated losses) / Retained earnings						
1 January 2021		(1,017,881,385)	(254,470,346)	(1,272,351,731)	(401,126,220)	(1,673,477,951)
Net profit for the year before zakat and income tax		609,279,191	152,319,798	761,598,989	253,866,330	1,015,465,319
Zakat		(28,695,932)	(7,173,983)	(35,869,915)	-	(35,869,915)
Income tax		-	-	-	(61,134,851)	(61,134,851)
Other comprehensive loss:						
Loss attributable to the re-measurements of employees' end of service termination benefits	31.1	(1,107,699)	(276,925)	(1,384,624)	(461,542)	(1,846,166)
Total comprehensive income for the year		579,475,560	144,868,890	724,344,450	192,269,937	916,614,387
31 December 2021		(438,405,825)	(109,601,456)	(548,007,281)	(208,856,283)	(756,863,564)
Net profit for the year before zakat and income tax		2,270,866,212	567,716,553	2,838,582,765	946,194,255	3,784,777,020
Zakat	34.2	(92,842,869)	(23,210,717)	(116,053,586)	-	(116,053,586)
Income tax	34.5	-	-	-	(191,797,097)	(191,797,097)
Other comprehensive loss:						
Loss attributable to the re-measurements of employees' end of service termination benefits	31.1	(2,043,514)	(510,878)	(2,554,392)	(851,464)	(3,405,856)
Total comprehensive income for the year		2,175,979,829	543,994,958	2,719,974,787	753,545,694	3,473,520,481
Net income transferred to statutory reserve	26	(65,281,506)	(16,320,377)	(81,601,883)	(27,200,628)	(108,802,511)
31 December 2022		**1,672,292,498**	**418,073,125**	**2,090,365,623**	**517,488,783**	**2,607,854,406**
Total shareholders' equity						
31 December 2021		4,348,548,757	1,087,137,190	5,435,685,947	1,785,708,127	7,221,394,074
31 December 2022		**6,524,528,586**	**1,631,132,148**	**8,155,660,734**	**2,539,253,821**	**10,694,914,555**

MA'ADEN WA'AD AL SHAMAL PHOSPHATE COMPANY
(A Saudi Arabian limited liability company)
Statement of cash flows for the year ended 31 December 2022
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	31 December 2022	31 December 2021
Operating activities			
Profit before zakat and income tax		**3,784,777,020**	1,015,465,318
Adjustments for non-cash flow items:			
Income from time deposits	9	**(66,097,617)**	(725,545)
Finance costs	10	**586,406,478**	440,524,635
Depreciation	11.1, 12.1, 13.1	**1,321,259,577**	1,307,201,818
Write-off of mine properties	11	**-**	133,158,805
Write-off of property, plant and equipment	12	**-**	142,592,985
Loss on disposal of property, plant and equipment	12	**740,740**	-
Gain on termination of lease contracts	13	**-**	272,129
Amortization of intangible assets	15	**1,695,594**	-
Provision for employees' end of service termination benefits	31.1	**10,073,947**	8,593,139
Contribution for the employees' savings plan	31.2	**4,514,000**	3,031,181
Provision for severance fee	35.1	**8,548,279**	18,106,887
Changes in working capital:			
Other non-current assets	17	**5,557,622**	(17,674,969)
Due from shareholder	18.1	**(141,853,907)**	(119,855,455)
Due to shareholder	18.2	**69,167,114**	36,638,864
Due from fellow subsidiaries	19.1	**(81,332,361)**	(54,656,477)
Due to fellow subsidiaries	19.2	**59,731,250**	61,801,242
Advances and prepayments	20	**(55,624,640)**	12,391,704
Inventories	21	**(6,573,789)**	14,172,225
Trade receivable from shareholders	22	**(776,983,411)**	(581,832,954)
Projects trade and other payables	32	**25,172,441**	74,577,480
Accrued expenses	33	**(81,197,438)**	484,239,592
Other non-current liabilities	30	**92,772,936**	(10,809,536)
Employees' end of service termination benefits paid	31.1	**(4,680,977)**	(3,957,172)
Employees' savings plan withdrawal	31.2	**(1,786,647)**	(1,424,134)
Zakat and income tax paid	34.2, 34.4	**(48,774,051)**	-
Severance fee paid	35.1	**(18,647,869)**	-
Finance costs paid		**(556,091,771)**	(369,955,886)
Net cash generated from operating activities		**4,130,772,520**	2,591,875,876
Investing activities			
Additions to mine properties	11	**(10,412,715)**	(9,855,430)
Additions to property, plant and equipment	12	**-**	(71,079,886)
Additions to capital work-in-progress	14	**(477,594,367)**	(907,782,305)
Additions to intangible assets	15	**(18,967,923)**	-
Increase in time deposits	23	**(2,515,000,000)**	-
Increase in restricted cash	24	**(2,727,353)**	(1,607,047)
Income received from time deposits		**30,618,447**	725,544
Projects and other payables – Projects	32	**34,800,000**	(336,594,109)
Accrued expenses – Projects	33	**(64,973,290)**	19,942,719
Net cash utilized in investing activities		**(3,024,257,201)**	(1,306,250,513)
Financing activities			
Repayment of long-term borrowings	27.2	**(1,113,742,480)**	(350,000,000)
Repayment of lease liabilities	29	**(21,110,560)**	(28,066,447)
Net cash utilized in financing activities		**(1,134,853,040)**	(378,066,447)
Net change in cash and cash equivalents		**(28,337,721)**	907,558,916
Unrestricted cash and cash equivalents at the beginning of the year	24	**1,291,031,934**	383,473,018
Unrestricted cash and cash equivalents at the end of the year	24	**1,262,694,213**	1,291,031,934

MA'ADEN WA'AD AL SHAMAL PHOSPHATE COMPANY
(A Saudi Arabian limited liability company)
Statement of cash flows for the year ended 31 December 2022
(All amounts in Saudi Riyals unless otherwise stated)

Statement of cash flow (continued)

	Notes	31 December 2022	31 December 2021
Non-cash flow transactions			
(Decrease) / Increase in mine properties and provision for decommissioning, site rehabilitation and dismantling	11, 28	**(71,527,574)**	18,840,843
Transfer to mine properties from capital work-in-progress	11, 14	**407,206,697**	-
Transfer to property, plant and equipment from capital work-in-progress	12, 14	**925,519,394**	-
Recognition of right-of-use assets and corresponding lease liabilities	13, 29	**25,256,295**	23,229,405
Borrowing costs capitalized attributable to qualifying assets	14.1	**16,471,808**	11,489,979
Amortization of transaction costs	27.2	**38,693,546**	67,127,618

1 General information

Ma'aden Wa'ad Al Shamal Phosphate Company (the "Company") is a limited liability company registered in the Kingdom of Saudi Arabia under Commercial Registration number 3451002631 dated 26th of Rabi' I 1435H (corresponding to 27 January 2014), 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 (Note 25).

The Company is owned by:

Saudi Arabian shareholders
- 60% by Saudi Arabian Mining Company ("Ma'aden") and
- 15% by Saudi Basic Industries Corporation ("SABIC"), and

A Foreign shareholder
- 25% by Mosaic Phosphates B.V., a limited liability company registered in the Netherlands, wholly owned by The Mosaic Company ("Mosaic")

The objectives of the Company are the production of:

- Di-ammonium and mono-ammonium phosphate fertilizer;
- Di-calcium and mono-calcium phosphate,
- Ammonia,
- Purified phosphoric acid,
- Phosphoric acid,
- Sulphuric acid and
- Sulphate of potash.

On 19 March 2013, the three shareholders signed Heads of 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.

On 5 August 2013, the three shareholders signed a Shareholders Agreement to jointly develop a fully integrated phosphate production facility. 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 had planned estimated capital cost of SAR 28 billion.

On 1 January 2017, the Company announced the commencement of 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 8 July 2017, the Company announced the commencement of initial production of Di-ammonium Phosphate (DAP) as part of its commissioning activities. During initial production, the Company will gradually ramp-up until it reaches 3 million tonnes production capacity.

On 2 December 2018, the Company declared commercial production of the Di-ammonium Phosphate (DAP) 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 has proactively assessed its impacts on its operations and has taken 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.
- minimizing the impact of the pandemic on its operations and product supply to the market

Notwithstanding these challenges, MWSPC was successful in maintaining stable operations while maneuvering limited demand interruptions via successfully switching to different production grades and / or different customers to maintain product flow to the market. MWSPC's management believes that the Covid-19 pandemic, by itself, has had limited direct material effects on MWSPC's reported results for the year ended 31 December 2022. MWSPC's management continues to monitor the situation closely.

2 Basis of preparation

Statement of compliance

The 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 financial statements have been prepared on the historical cost basis except where IFRS requires other measurement basis as disclosed in the applicable accounting policies in Note 3 – Summary of significant policies.

These financial statements are presented in Saudi Riyals, which is both the functional and reporting currency of the Company.

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 2022 reporting period and have not been early adopted by the Company. The management 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

There are no new standards applicable to the Company, however, the Company has applied the following amendments to the standards for the first time for their reporting periods commencing on or after 1 January 2022:

Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16:

The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity needs to recognize the proceeds from selling such items, and the costs of producing those items, in profit or loss. As a result of adopting these amendments to IAS 16, no retrospective adjustments were required.

Other amendments to standards

Certain other amendments to standards became applicable for the current reporting period. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments to standards.

3 Summary of significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented.

3.1 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.

3.2 Revenue recognition

Revenue comprises of sales directly to customers, through the three marketers, 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. Revenue is recognized either at:

- a point in time or
- over time, when (or as) the Company satisfies the performance obligations as specified in the contract with the customer, by transferring control over the promised goods or service to the customer.

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

- sale of ammonium phosphate fertilizer and ammonia as a principal, directly to customers, through the three marketers at a point in time;
- rendering of transportation services directly to the customers over a period of time, equivalent to the stage of completion of the service.

The timing and measurement of revenue recognition for the above-mentioned main sources of revenue i.e. sales of goods and rendering of transportation services is as follows:

The Company, as a principal, sells ammonium phosphate fertilizer and ammonia products directly to the customers, through Ma'aden, SABIC and Mosaic, acting as marketing agents, for the sale of phosphate fertilizer and ammonia.

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.

3 Summary of significant accounting policies (continued)

3.2 Revenue recognition (continued)

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.

3.3 Selling, marketing and logistic 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.

3.4 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.

3.5 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.

3 Summary of significant accounting policies (continued)

3.5 Mine properties and property, plant and equipment (continued)

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	25-35
• Plant and Equipment	5-40
• Furniture and fittings	5-10

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, being as follows:

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

3 Summary of significant accounting policies (continued)

3.5 Mine properties and property, plant and equipment (continued)

Stripping activity asset and stripping activity expense (continued)

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.

3.6 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.

3 Summary of significant accounting policies (continued)

3.6 Right-of-use assets and liabilities (continued)

Right-of-use assets

The Company applies ***IAS 36 Impairment of assets*** to determine whether a RoU asset is impaired and accounts for any identified impairment loss as described in Note 3.9.

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

- 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.

3.7 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.

3 Summary of significant accounting policies (continued)

3.7 Capital work-in-progress (continued)

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.

Capital work-in-progress 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.

3.8 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

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 recognised in the statement of profit or loss when the asset is de-recognised.

3.9 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 exist, 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 assets 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.

3 Summary of significant accounting policies (continued)

3.9 Impairment of mine properties, property, plant and equipment, right-of-use assets and capital work-in-progress (continued)

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.

3.10 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.

3 Summary of significant accounting policies (continued)

3.10 Inventories (continued)

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

3.11 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. See Note 3.14 for a description of the Company's impairment policies.

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 "Net revenue".

3.12 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.

3.13 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, see Notes 3.18, 24 and 31.2

3.14 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.

3 Summary of significant accounting policies (continued)

3.14 Financial instruments and financial assets and financial liabilities (continued)

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 'Net 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)
- time deposits (Accounting policy 3.12)
- cash and cash equivalents (Accounting policy 3.13)
- 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").

3 Summary of significant accounting policies (continued)

3.14 Financial instruments and financial assets and financial liabilities (continued)

Impairment and uncollectibility 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)
- long-term borrowings (Accounting policy 3.15),
- projects, trade and other payables – excluding zakat / income tax liabilities and employees' end of service termination benefits obligations - (Accounting policy 3.19) and
- accrued expenses (Accounting policy 3.19)
- 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.

3 Summary of significant accounting policies (continued)

3.14 Financial instruments and financial assets and financial liabilities (continued)

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.

3.15 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.

3 Summary of significant accounting policies (continued)

3.16 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.

3.17 Provision 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.

3.18 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.

3 Summary of significant accounting policies (continued)

3.18 Employees' benefit (continued)

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.

3.19 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.

3 Summary of significant accounting policies (continued)

3.20 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.

3.21 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 to the Government of Saudi Arabia severance fees, representing equivalent of 20% of hypothetical income in addition to a specified percentage of the net value of the minerals upon extraction effective from 01 January 2021 which supersedes the Royal Decree No. 47/M dated 20 Sha'aban 1425H (corresponding to 4 October 2004), which required the Company to pay to the Government of Saudi Arabia severance fee representing 25% of the annual net income per mining license or the equivalent of 20% of hypothetical income, whichever was lower.

The Zakat due shall be deducted from gross severance fee and the net severance fee amount is shown as part of cost of sales in the statement of profit or loss (Note 35).

4 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.

However, as explained in Note 1, 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 Critical accounting, judgments, estimates and assumptions (continued)

4.1 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.

4 Critical accounting, judgments, estimates and assumptions (continued)

4.1 Critical accounting judgments in applying accounting standards (continued)

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.

Commercial production start date

Commercial production of the ammonia plant was declared on 1 January 2017 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 2018 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.

The decision on when commercial production for mining related assets is achieved is however judgmental and should be based after discussions between the accountants, engineers and metallurgists. Consideration should be taken of the following list of non-exhaustive factors, such as:

- 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 Critical accounting, judgments, estimates and assumptions (continued)

4.1 Critical accounting judgments in applying accounting standards (continued)

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.

4.2 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 2022 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.

MA'ADEN WA'AD AL SHAMAL PHOSPHATE COMPANY
(A Saudi Arabian limited liability company)
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(All amounts in Saudi Riyals unless otherwise stated)

5 Sales

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Revenue from sale of goods			
Diammonium phosphate (DAP) fertilizer		**7,874,159,296**	4,752,309,099
Ammonia		**1,838,100,062**	1,009,818,413
Sub-total		**9,712,259,358**	5,762,127,512
Revenue from transportation services			
Diammonium phosphate (DAP) fertilizer		**234,928,944**	254,995,667
Ammonia		**257,539,350**	122,825,049
Sub-total		**492,468,294**	377,820,716
Total revenue		**10,204,727,652**	6,139,948,228
Provisional price adjustment			
Diammonium phosphate (DAP) fertilizer		**(28,294,612)**	15,793,050
Ammonia		**136,671,227**	5,688,348
Sub-total		**108,376,615**	21,481,398
Total revenue (net)	36.1, 38.2	**10,313,104,267**	6,161,429,626

	2022	2021
DAP fertilizer sales analysis		
Quantity sold in tonnes	**2,582,681**	2,414,660
Average realized price per tonne in:		
US$	**834**	555
Saudi Riyal (equivalent)	**3,129**	2,080
Ammonia sales analysis		
Quantity sold in tonnes	**623,780**	556,514
Average realized price per tonne in:		
US$	**954**	545
Saudi Riyal (equivalent)	**3,579**	2,045

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6 Cost of sales

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Raw material, utilities and consumables		**2,329,542,675**	1,281,574,389
Salaries and staff related benefits		**393,073,147**	310,365,084
Contracted services		**365,689,284**	346,784,439
Repairs and maintenance		**17,896,320**	18,968,715
Consumables		**178,121,655**	156,089,490
Overheads and other consumables		**140,510,765**	130,424,913
Total cash operating costs		**3,424,833,846**	2,244,207,030
Depreciation of mine properties	11.1	**154,519,547**	162,136,869
Depreciation of property, plant and equipment	12.1	**1,102,707,169**	1,075,523,602
Property, plant, and equipment written-off	12.2	**-**	142,592,985
Mine properties written-off	11.2	**-**	133,158,805
Depreciation of right-of-use assets	13.1	**12,157,730**	16,345,329
Severance fees	35	**8,548,279**	18,106,887
Total operating costs		**4,702,766,571**	3,792,071,507
(Increase) / decrease in inventory	21	**(34,627,484)**	60,313,087
Total cost of goods sold		**4,668,139,087**	3,852,384,594
Cost of rendering transportation services		**492,468,294**	377,820,716
Total		**5,160,607,381**	4,230,205,310

7 Selling, marketing and logistic expenses

	Year ended 31 December 2022	Year ended 31 December 2021
Marketing fees	**444,116,034**	262,059,519
Deductibles	**79,700,620**	13,661,024
Logistic expenses	**51,142,607**	38,820,767
Total	**574,959,261**	314,541,310

8 General and administrative expenses

	Note	Year ended 31 December 2022	Year ended 31 December 2021
Salaries and staff related benefits		**19,905,487**	21,683,051
Contracted services		**112,956,228**	55,256,141
Overheads and other consumables		**11,592,050**	9,986,734
Depreciation of property, plant and equipment	12.1	**43,587,997**	43,587,997
Depreciation of right-of-use assets	13.1	**8,287,134**	9,608,021
Amortization of intangible assets	15.1	**1,695,594**	-
Total		**198,024,490**	140,121,944

9 Income from time deposits

	Year ended 31 December 2022	Year ended 31 December 2021
Income on time deposits – measured using effective interest rate	**66,097,617**	725,545

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10 Finance costs

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Public Pension Agency		**201,349,831**	114,221,193
Riyad bank - Murabaha		**224,237,525**	141,612,008
Riyad bank - Wakala		**62,576,416**	39,518,685
Saudi Industrial Development Fund		**68,951,039**	82,999,152
Sub-total	14.1	**557,114,811**	378,351,038
Amortization of transaction cost	27.2	**38,693,546**	67,127,618
Accretion of provision for mine decommissioning obligations	28	**4,460,842**	3,844,956
Interest cost under lease liabilities	29	**676,418**	1,028,675
Interest cost on employees' end of service termination benefit obligation	31.1	**1,932,669**	1,662,327
Total	10.1	**602,878,286**	452,014,614
Less: Borrowing costs capitalized as part of qualifying assets in capital work-in-progress during the year	14.1	**(16,471,808)**	(11,489,979)
Total		**586,406,478**	440,524,635

10.1 Summary of finance costs

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Expensed during the year	10	**586,406,478**	440,524,635
Borrowing costs capitalized as part of qualifying assets in capital work-in-progress during the year	14.1	**16,471,808**	11,489,979
Total		**602,878,286**	452,014,614

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11 Mine properties

	Notes	Operating Mine					
		Land and Buildings	Plant and Equipment	Mine closure and rehabilitation provision	Stripping activity asset	Mine capital work-in progress	Total
Cost							
1 January 2021		1,591,820,202	1,865,481,096	86,046,285	56,450,742	95,978,477	3,695,776,802
Adjustment during the year		-	-	18,840,843	-	-	18,840,843
Additions for the year		-	-	-	-	9,855,430	9,855,430
Write-off during the year	11.2	(27,894,376)	(127,017,634)	-	-	-	(154,912,010)
31 December 2021		1,563,925,826	1,738,463,462	104,887,128	56,450,742	105,833,907	3,569,561,065
Adjustment during the year	28	-	-	(71,527,574)	-	-	(71,527,574)
Additions for the year		-	-	-	-	10,412,715	10,412,715
Transfer from mine properties capital work-in progress		-	82,533,010	-	-	(82,533,010)	-
Transfer from capital work-in progress	14	-	407,206,697	-	-	-	407,206,697
31 December 2022		**1,563,925,826**	**2,228,203,169**	**33,359,554**	**56,450,742**	**33,713,612**	**3,915,652,903**
Accumulated depreciation							
1 January 2021		(133,543,257)	(194,564,394)	(4,810,932)	(2,911,718)	-	(335,830,301)
Charge for the year	11.1	(67,727,033)	(91,983,102)	(2,525,831)	(1,664,676)	-	(163,900,642)
Written-off during for the year	11.2	3,626,269	19,890,709	-	-	-	23,516,978
31 December 2021		(197,644,021)	(266,656,787)	(7,336,763)	(4,576,394)	-	(476,213,965)
Charge for the year	11.1	(63,170,950)	(87,720,313)	(2,076,635)	(1,551,649)	-	(154,519,547)
31 December 2022		**(260,814,971)**	**(354,377,100)**	**(9,413,398)**	**(6,128,043)**	**-**	**(630,733,512)**
Net book value							
31 December 2021		1,366,281,805	1,471,806,675	97,550,365	51,874,348	105,833,907	3,093,347,100
31 December 2022		**1,303,110,855**	**1,873,826,069**	**23,946,156**	**50,322,699**	**33,713,612**	**3,284,919,391**

11 Mine properties (continued)

Initial recognition at cost

Mine closure and rehabilitation provision

Mine closure and rehabilitation provision includes 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 to the extent that was incurred as a result of the development/construction of the mine.

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.

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11 Mine properties (continued)

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.

Depletion, depreciation and impairment

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.

11.1 Allocation of depreciation charge during the year to:

	Note	Year ended 31 December 2022	Year ended 31 December 2021
Cost of sales	6	**154,519,547**	162,136,869

11.2 Mine properties written-off

During 2021, the Company has written-off mine properties having carrying amount of SAR 133.2 million. These assets written-off are attributable to Beneficiation plant of MWSPC. These represented redundant assets which needed to be completely replaced during the year due to certain performance issues. The write-off loss was recognized and included in the cost of sales in the statement of profit or loss and other comprehensive income for the year ended 31 December 2021 (Note 6). No write-off recorded during the year ended 31 December 2022.

11.3 Mine properties pledged as security

As at 31 December 2022, mine properties with a net book value of SAR 3,284,919,391 (December 2021: SAR 3,093,347,100) have been pledged as security to the lender under the Common Terms Financing Agreement (Note 27.5).

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12 Property, plant and equipment

	Notes	Land and Buildings	Plant and Equipment	Furniture and fixtures	Total
Cost					
1 January 2021		9,233,346,104	14,334,923,664	19,516,278	23,587,786,046
Addition for the year		-	71,079,886	-	71,079,886
Write-off for the year	12.2	-	(203,105,254)	-	(203,105,254)
31 December 2021		9,233,346,104	14,202,898,296	19,516,278	23,455,760,678
Disposal during the year		-	(740,740)	-	(740,740)
Transfer from capital work-in progress	14	77,231,582	848,287,812	-	925,519,394
31 December 2022		**9,310,577,686**	**15,050,445,368**	**19,516,278**	**24,380,539,332**
Accumulated depreciation					
1 January 2021		(602,176,576)	(2,043,002,999)	(7,663,079)	(2,652,842,654)
Charge for the year	12.1	(281,491,746)	(833,941,575)	(3,678,278)	(1,119,111,599)
Write-off for the year	12.2	-	60,512,268	-	60,512,268
31 December 2021		(883,668,322)	(2,816,432,306)	(11,341,357)	(3,711,441,985)
Charge for the year	12.1	(283,036,378)	(859,580,510)	(3,678,278)	(1,146,295,166)
31 December 2022		**(1,166704,700)**	**(3,676,012,816)**	**(15,019,635)**	**(4,857,737,151)**
Net book value					
31 December 2021		8,349,677,782	11,386,465,990	8,174,921	19,744,318,693
31 December 2022		**8,143,872,986**	**11,374,432,552**	**4,496,643**	**19,522,802,181**

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12 Property, plant and equipment (continued)

12.1 Allocation of depreciation charge during the year to:

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Cost of sales	6	**1,102,707,169**	1,075,523,602
General and administrative expenses	8	**43,587,997**	43,587,997
Total	12	**1,146,295,166**	1,119,111,599

12.2 Property, plant and equipment written-off

During 2021, the Company has written-off property, plant and equipment related to Sulphuric Acid plant having carrying amount of Saudi Riyals 142.6 million. These represented redundant assets which needed to be completely replaced during the year due to certain performance issues. The write-off was recognized in cost of sales in the statement of profit or loss and other comprehensive income for the year ended 31 December 2021 (Note 6). No write-off recorded during the year ended 31 December 2022.

12.3 Property, plant and equipment pledged as security

As at 31 December 2022, the net book value of SAR 19,522,802,181 (31 December 2021: SAR 19,744,318,693) has been pledged as security to the lender under the Common Terms Financing Agreement (Note 27.5).

13 Right-of-use assets

	Notes	Equipments	Vehicles	Total
Cost				
1 January 2021		50,978,514	25,887,623	76,866,137
Additions during the year		-	23,229,405	23,229,405
Retired during the year	29	(17,973,538)	(19,923,661)	(37,897,199)
31 December 2021		33,004,976	29,193,367	62,198,343
Additions during the year		10,491,829	14,764,466	25,256,295
Retired during the year	29	-	(2,937,848)	(2,937,848)
31 December 2022	29	**43,496,805**	**41,019,985**	**84,516,790**
Accumulated depreciation				
1 January 2021		(25,098,410)	(18,988,261)	(44,086,671)
Charge during the year	13.1	(16,345,329)	(9,608,021)	(25,953,350)
Retired during the year		17,973,538	19,651,532	37,625,070
31 December 2021		(23,470,201)	(8,944,750)	(32,414,951)
Charge during the year	13.1	(12,157,730)	(8,287,134)	(20,444,864)
Retired during the year		-	2,937,848	2,937,848
31 December 2022		**(35,627,931)**	**(14,294,036)**	**(49,921,967)**
Net book value				
31 December 2021	29	9,534,775	20,248,617	29,783,392
31 December 2022	29	**7,868,874**	**26,725,949**	**34,594,823**

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13 Right-of-use assets (continued)

13.1 Allocation of depreciation charge during the year to:

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Cost of sales	6	**12,157,730**	16,345,329
General and administrative expenses	8	**8,287,134**	9,608,021
Total		**20,444,864**	25,953,350

13.2 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 short-term leases, recognized as an expense during the year.

	Year ended 31 December 2022	Year ended 31 December 2021
Office equipment	**8,926,003**	5,232,387

As at 31 December 2022, the total cash outflow for finance leases is amounted to SAR 21,786,978 (31 December 2021: SAR 29,095,122) Note 29.1.

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14 Capital work-in-progress

	Note	Plant and Equipment	Land and Buildings	Capital spares	Administrative Offices and others	Total
Cost						
1 January 2021		395,077,626	137,477,558	57,663,242	211,560,886	801,779,312
Additions during the year		590,127,084	3,140,694	303,602,354	22,402,151	919,272,283
31 December 2021		985,204,710	140,618,252	361,265,596	233,963,037	1,721,051,595
Additions during the year		372,755,681	80,939,462	40,371,033	-	494,066,176
Reclass during the year		176,371,187	-	-	(176,371,187)	-
Transfer to mine properties during the year	11	(340,937,068)	-	(66,269,629)	-	(407,206,697)
Transfer to property, plant and equipment during the year	12	(683,501,769)	(77,231,582)	(164,786,043)	-	(925,519,394)
31 December 2022		**509,892,741**	**144,326,132**	**170,580,957**	**57,591,850**	**882,391,680**

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14 Capital work-in-progress (continued)

14.1 Borrowing costs attributable to qualifying assets

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

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Gross borrowing cost incurred	27.2	**602,878,286**	452,014,614
Expensed during the year	10	**(586,406,478)**	(440,524,635)
Net borrowing cost capitalized as part of qualifying assets in Capital work-in-progress	10.1	**16,471,808**	11,489,979

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

14.2 Other cost capitalized under capital work-in-progress

In addition to borrowing cost in Note 14.1, the Company has capitalized as part of capital work-in-progress the following:

	31 December 2022	31 December 2021
Advances to contractors capitalized as part of capital work-in-progress during the year	**28,086,105**	38,619,503

14.3 Capital work-in-progress pledged as security

Assets in the course of construction are capitalized in the capital work-in-progress account and is not subject to depreciation. As at 31 December 2022, the net book value of SAR 882,391,680 (31 December 2021; SAR 1,721,051,595) has been pledged as security to the lender under the Common Terms Financing Agreement (Note 27.5).

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

As at 31 December 2022, management of the company performed an impairment assessment of the MWSPC CGU, due to lower than budgeted results. 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 9.70% (31 December 2021: 8.5%) per annum which was calculated using a 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 2021: 4.0%) which has been estimated based on third party consultant's forecasts for the industry.
- Commodities prices - which have been estimated based on third parties forecasts for the industry.

Management concluded that the recoverable amount for the capital work-in-progress, property plant and equipment, right-of-use assets and mine properties of MWSPC is higher than the carrying value of such assets. The estimated recoverable amount was based on approved five years business plan. The calculation involved an in-depth review of each key element of MWSPC income and costs (including sales volume and prices, operating costs and capital expenditure) and included a review of historical results.

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14 Capital work-in-progress (continued)

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

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

	31 December 2022	31 December 2021
Discount rate:		
From	**9.70 %**	8.50 %
To	**11.36 %**	11.50 %
Decrease in sales prices	**6.46 %**	13.63 %

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant in practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. Management of the company has considered and assesses reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of CGU to exceed its recoverable amount.

15 Intangible assets

	Note	ERP software
Cost		
1 January 2021		-
31 December 2021		-
Additions during the year		18,967,923
31 December 2022		**18,967,923**
Accumulated amortization		
1 January 2021		-
31 December 2021		-
Charge during the year	8	(1,695,594)
31 December 2022		**(1,695,594)**
Net book value		
31 December 2021		-
31 December 2022		**17,272,329**

15.1 Allocation of depreciation charge during the year to:

	Note	Year ended 31 December 2022	Year ended 31 December 2021
General and administrative expenses	8	**1,695,594**	-

16 Deferred taxes

	Notes	31 December 2022	31 December 2021
Deferred tax assets	16.1	**384,678,233**	417,892,674
Deferred tax liabilities	16.2	**(494,461,001)**	(444,497,552)
Total		**(109,782,768)**	(26,604,878)

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16 Deferred taxes (continued)

16.1 Deferred tax assets

	Notes	Tax losses	Employees' benefits (Note 31)	Provision for site rehabilitation & dismantling (Note 28)	Provision for research and development and community development	Total
1 January 2021		407,131,050	3,342,180	5,332,143	1,105,914	416,911,287
Credited to profit or loss for the year	34.5	(2,533,453)	431,219	1,134,290	1,949,331	981,387
31 December 2021	16	404,597,597	3,773,399	6,466,433	3,055,245	417,892,674
Credited to profit or loss for the year	34.5	(35,919,089)	573,040	(2,249,359)	4,380,967	(33,214,441)
31 December 2022	16	**368,678,508**	**4,346,439**	**4,217,074**	**7,436,212**	**384,678,233**

The deferred tax asset has arisen because of the temporary difference between:

- the operating loss carry forward on a year-to-year basis, is in excess of the tax deduction allowed against gross income for the year and can be carried forward to be off settled against taxable income in the future years.
- the carrying value of the employees' end of service benefits obligation 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 provision for research and development program and community development and their tax base.

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16 Deferred taxes (continued)

16.2 Deferred tax liabilities

The deferred tax liability has arisen because of the temporary difference between:

- the carrying value of the property, plant and equipment as per IFRS and Zakat, Tax and Customs Authority ("ZATCA") tax base.

	Note	31 December 2022	31 December 2021
Foreign shareholder's 25% proportionate share of the balance of temporary differences attributable to Property, plant and equipment:			
1 January		**444,497,552**	389,981,672
Debited to profit or loss during the year	34.5	**49,963,449**	54,515,880
31 December	16	**494,461,001**	444,497,552

As at 31 December 2022, a significant component of temporary difference has arisen between the carrying value of property, plant and equipment excluding capital work-in-progress based on IFRS which is amounted to SAR 22,829,801,117 (Note 11 and 12) and 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 12,930,279,467.

The net taxable temporary difference of SAR 9,899,521,650 based on foreign shareholder's 25% proportionate share and income tax rate of 20% would give rise to deferred tax liability of SAR 494,461,001.

17 Other non-current assets

	31 December 2022	31 December 2021
Long-term employees' home owners receivable, 1 January	**23,004,519**	9,896,014
Add: Transfer from fellow subsidiary	**-**	19,015,892
Less: Net repayments by employees during year	**5,557,622**	1,340,923
• Opening	**5,415,410**	4,074,487
• Ending	**10,973,032**	5,415,410
Less: Current portion of long-term employees' home owners receivable for the year	**-**	4,566,464
• Opening	**10,643,415**	6,076,951
• Ending	**10,643,415**	10,643,415
31 December	**17,446,897**	23,004,519

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.

18 Due from / (to) shareholders

18.1 Due from shareholders

	Notes	31 December 2022	31 December 2021
Ma'aden – the Saudi Arabian shareholder, parent company	36.2 38.3; 41	**280,986,274**	141,022,271
Mosaic Phosphates B.V.	36.2	**1,889,904**	-
Total		**282,876,178**	141,022,271

The amount is unsecured, interest free and not subject to any specific repayment terms.

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18 Due from / (to) shareholders (continued)

18.2 Due to shareholders

	Notes	31 December 2022	31 December 2021
Ma'aden – the Saudi Arabian shareholder, parent company	36.2	**146,520,297**	72,575,054
Mosaic Phosphates B.V.	36.2	**-**	4,778,129
Total	36.2 38.2: 41	**146,520,297**	77,353,183

The amount is unsecured, interest free and not subject to any specific repayment terms.

19 Due from / (to) fellow subsidiaries

19.1 Due from fellow subsidiaries

	Notes	31 December 2022	31 December 2021
Ma'aden Phosphate Company	36.2	**36,921,307**	66,215,420
Ma'aden Fertilizer Company	36.2	**110,603,374**	-
Ma'aden Aluminium Company	36.2	**23,100**	-
Total	36.2 38.3; 41	**147,547,781**	66,215,420

The fellow subsidiary is under the direct control of the parent company. The amounts are unsecured, interest free and not subject to any specific repayment terms.

19.2 Due to fellow subsidiaries

	Notes	31 December 2022	31 December 2021
Ma'aden Phosphate Company	36.2	**140,498,514**	89,869,155
Ma'aden Aluminium Company	36.2	**5,638,464**	2,126,245
Industrial Minerals Company	36.2	**8,485,222**	1,372,612
Ma'aden Gold and Base Metal Company	36.2	**24,194**	-
Ma'aden Fertilizer Company	36.2	**-**	1,367,479
Ma'aden Infrastructure Company:	36.2	**17,254**	196,906
Total	36.2 38.3; 41	**154,663,648**	94,932,397

These fellow subsidiaries are under the direct control of the parent company (the Saudi Arabian Mining Company – Ma'aden). The amounts are unsecured, interest free and not subject to any specific repayment terms.

20 Advances and prepayments

	31 December 2022	31 December 2021
Prepaid insurance	**24,730,790**	603,106
Prepaid bank guarantee	**31,372,500**	-
Advance to employees	**660,840**	536,384
Total	**56,764,130**	1,139,490

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21 Inventories

	Note	31 December 2022	31 December 2021
Saleable inventory			
Finished goods – ready for sale			
DAP		**253,651,635**	216,590,741
Cost of finished goods – DAP		**258,481,373**	216,590,741
Less: Inventory written down to net realizable value - DAP		**(4,829,738)**	-
AMM		**8,288,156**	8,701,846
Sulphate of potash		**2,402,447**	1,199,955
Cost of finished goods – SOP		**6,090,607**	1,199,955
Less: Inventory written down to net realizable value - SOP		**(3,688,160)**	-
Work-in-process		**139,085,450**	127,144,148
Stockpile of mined ore		**36,162,554**	51,326,067
Sub-total	6	**439,590,242**	404,962,757
Consumable inventory			
Spare parts and consumable materials		**669,797,191**	671,510,357
Raw materials		**141,110,511**	167,451,040
Sub-total		**810,907,702**	838,961,397
Total		**1,250,497,944**	1,243,924,154

22 Trade and other receivables

	Notes	31 December 2022	31 December 2021
Trade receivables from shareholders			
Saudi Arabian Mining Company – Ma'aden, the parent company	36.2	**865,585,916**	597,200,914
SABIC	36.2	**265,949,560**	41,481,619
Mosaic Phosphates B.V.	36.2	**275,937,379**	199,951,194
Sub-total trade receivable	38.1.3, 38.2	**1,407,472,855**	838,633,727
Other receivable			
Aramco	36.2	**313,475,617**	215,419,453
VAT input		**93,138,579**	13,957,146
Receivable from regulatory authorities		**21,483,382**	-
Other		**23,924,836**	14,501,532
Sub-total other receivable	38.2	**452,022,414**	243,878,131
Total		**1,859,495,269**	1,082,511,858

All shareholders act as marketers for all of the Company's finished products and these amounts represent the amounts owing on the third-party sales (Note 36.1) concluded by them.

As per the marketing agreement, these amounts are secured by letters of credit provided by the customers to the marketers, ahead of the dispatch of any shipment, therefore indemnifying the Company and the marketers against any potential losses arising from nonperformance 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.

The Company holds all its trade receivables, within a business model, with the objective of collecting the contractual cash flows. However, the contractual terms of certain trade receivables do not give rise, on a specific date, to cash flows that are solely payments of principal and interest on the principal outstanding. The contractual cash flows vary based on the change in price of the commodity and will therefore be subsequently measured at FVTPL. As at 31 December 2022, the trade receivables amounting to SAR 1,407,472,855 were carried at FVTPL.

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23 Time deposits

	Notes	31 December 2022	31 December 2021
Time deposits with original maturities more than three months at the date of acquisition		**2,515,000,000**	-
Time deposit income receivable		**35,479,170**	-
Total	38.2, 41	**2,550,479,170**	-

24 Cash and cash equivalents

	Notes	31 December 2022	31 December 2021
Unrestricted			
Time deposits with original maturities equal to or less than three months at the date of acquisition		**1,259,075,288**	-
Cash and bank balances		**3,618,925**	1,291,031,934
Sub-total		**1,262,694,213**	1,291,031,934
Restricted			
Cash and bank balances	31.2	**11,282,275**	8,554,922
Total	38.2, 41	**1,273,976,488**	1,299,586,856

Restricted cash and bank balances are related to employees' savings plan obligation.

25 Share capital

	Note	31 December 2022	31 December 2021
Authorised share capital			
843,750,000 Ordinary shares with a nominal value of SAR 10 per share	1	**8,437,500,000**	8,437,500,000
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 2022 at approximately SAR 9.41 (31 December 2021: SAR 9.41) per share		**7,942,501,875**	7,942,501,875

The issued and partly paid-up share capital is distributed as follows:

Shareholders	% Holding	Number of Shares	31 December 2022	31 December 2021
Saudi Arabian				
Ma'aden	60%	506,250,000	**4,765,501,125**	4,765,501,125
SABIC	15%	126,562,500	**1,191,375,281**	1,191,375,281
Sub-total	75%	632,812,500	**5,956,876,406**	5,956,876,406
Foreign				
Mosaic Phosphates B.V.	25%	210,937,500	**1,985,625,469**	1,985,625,469
Total	100%	843,750,000	**7,942,501,875**	7,942,501,875

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26 Transfer of net income

	31 December 2022	31 December 2021
1 January	**35,755,763**	35,755,763
Transfer at 4% of net income for the year	108,802,511	-
Total	**144,558,274**	35,755,763

The transfer of net income is distributed as follows:

Shareholders	% Holding	31 December 2022	31 December 2021
Saudi Arabian			
Ma'aden	60%	**86,734,963**	21,453,457
SABIC	15%	**21,683,742**	5,363,365
Sub-total	75%	**108,418,705**	26,816,822
Foreign			
Mosaic Phosphates B.V.	25%	**36,139,569**	8,938,941
Total	100%	**144,558,274**	35,755,763

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. No such transfers were made to the statutory reserve during 2021 due to accumulated losses.

27 Long-term borrowings

27.1 Facilities approved

The Company entered into a new Common Terms Agreement ("CTA") and other agreements (collectively referred to as "Financing Agreements with a group of financial institutions on 20 June 2020 as part of loan restructuring. Consequently, Company's new financing facilities comprised:

Financial Institutions	Date of approval	Facilities granted
Public Pension Agency ("PPA")	20 June 2020	**6,599,903,363**
Islamic and commercial banks facilities		
Riyad Bank - the Murabaha facility – as an agent	20 June 2020	6,808,496,298
Riyad Bank - the Wakala facility – as an agent	20 June 2020	1,900,000,000
Sub-total		**8,708,496,298**
Saudi Industrial Development Fund ("SIDF")		
Loan Agreement No. 2849 and 2851	30 December 2015	2,100,000,000
Loan Agreement No. 2850 and 2852	22 November 2018	1,900,000,000
Sub-total		**4,000,000,000**
Total facilities approved		**19,308,399,661**

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 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.

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27 Long-term borrowings (continued)

27.1 Facilities approved (continued)

Facility agents:

- Riyad Bank act as an agent for the Murabaha facility
- Riyad Bank act as an agent for the 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.

On June 30, 2022, the Company made prepayments on its principal loan balance under the "fixed cash sweep" clause of the CTA in case of "excess cash" as defined under the CTA. Accordingly, with a total of SAR 514,116,486 availability of excess cash, 57% (Saudi Riyals 293,046,397 million) of the "excess cash" was prepaid against the borrowings from Islamic and commercial banks and 43% (Saudi Riyals 221,070,089 million) against the borrowings from PPA.

27.2 Facilities utilized under the different CTAs

	31 December 2022	31 December 2021
Public Pension Agency		
30 June 2020 loan transfer	**6,599,903,363**	6,599,903,363
Less: Total repayment of borrowing	**(320,068,639)**	-
• Opening	**-**	-
• For the year	**(320,068,639)**	-
Sub-total	**6,279,834,724**	6,599,903,363
Less: Transaction cost balance as at the end of the year	**(37,036,193)**	(40,763,842)
Sub-total	**6,242,798,531**	6,559,139,521

The repayment of the principal amount of loan will be in 27 installments on a six-monthly basis starting from 30 June 2022. The repayments are starting at SAR 112.5 million and increasing over the term of the loan with the final repayment of SAR 379 million on 30 June 2035.

Transaction cost incurred during the year which is amortized over the term of the loan amounted to SAR 3,727,650 (31 December 2021 SAR 13,464,951) Note 10.

Commission and commitment fees incurred during the year amounted to SAR 201,349,831 (31 December 2021: SAR 114,221,193) Note 10.

	31 December 2022	31 December 2021
Islamic and commercial banks		
Riyad Bank - as an agent for the Murabaha facility	**6,808,496,299**	6,808,496,299
Riyad Bank - as an agent for the Wakala facility	**1,900,000,000**	1,900,000,000
Sub-total	**8,708,496,299**	8,708,496,299
Less: Total repayment of borrowing	**(423,673,841)**	-
• Opening	**-**	-
• For the year – Murabaha facility	**(331,237,642)**	
• For the year – Wakala facility	**(92,436,199)**	-
Sub-total	**8,284,822,458**	8,708,496,299
Less: Transaction cost balance as at the end of the year	**(51,168,426)**	(54,923,757)
Sub-total	**8,233,654,032**	8,653,572,542
Sub-total carried forward	**14,476,452,563**	15,212,712,063

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27 Long-term borrowings (continued)

27.2 Facilities utilized under the different CTAs (continued)

	31 December 2022	31 December 2021
Balance brought forward	**14,476,452,563**	15,212,712,063
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.		
Repayment of the principal amounts of total approved facilities will commence from 30 June 2022. The repayments will start at SAR 76 million and will increase over the term of the loan with the final repayment of SAR 500 million on 30 June 2035.		
The transaction cost incurred on obtaining the loan amounting to SAR 78 million has been netted-off with the loan balance and will be amortized over the term of the loan. Transaction cost incurred during the year amounted to SAR 3,755,331 (31 December 2021: SAR 21,080,981) Note 10.		
Commission and commitment fees incurred during the year amounted to (SAR 224,237,525 for Murabaha facility and SAR 62,576,416 for Wakala facility) with a total of SAR 286,813,941 (31 December 2021: SAR 181,130,693) Note 10.		
Saudi Industrial Development Fund		
23 October 2017 first drawdown	**1,680,000,000**	1,680,000,000
20 November 2018 second drawdown	**420,000,000**	420,000,000
31 December 2018 third drawdown	**1,805,000,000**	1,805,000,000
10 November 2019 fourth drawdown	**95,000,000**	95,000,000
Sub-total	**4,000,000,000**	4,000,000,000
Less: Total repayment of borrowing	**(925,000,000)**	(555,000,000)
• Opening	**(555,000,000)**	(205,000,000)
• For the year	**(370,000,000)**	(350,000,000)
Sub-total	**3,075,000,000**	3,445,000,000
Less: Transaction cost balance as at the end of the period / year	**(177,760,611)**	(208,971,176)
Sub-total	**2,897,239,389**	3,236,028,824
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 2018. The repayments are started from SAR 60 million and increasing over the term of the loan.		
On 20 June 2020, the loan was restructured and resulted to modification on the repayment of the loan which will start from May 2021, on a six-monthly basis, starting at SAR 175 and increasing over the term of the loan with the final repayment of SAR 55 million in		
Sub-total carried forward	**17,373,691,952**	18,448,740,887

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27 Long-term borrowings (continued)

27.2 Facilities utilized under the different CTAs (continued)

	31 December 2022	31 December 2021
Balance brought forward	**17,373,691,952**	18,448,740,887
Saudi Industrial Development Fund		
Transaction cost incurred during the year which is amortized over the term of the loan amounted to SAR 31,210,565 (31 December 2021: SAR 32,581,689) Note 10.		
Commission and commitment fees incurred during the year amounted to SAR 68,951,039 (31 December 2021: SAR 82,999,152) Note 10.		
Total loan borrowings (Note 39.1)	**17,373,691,952**	18,448,740,887
Accrued finance costs	**9,418,190**	**8,395,150**
Sub-total	**17,383,110,142**	18,457,136,037
Less: Current portion of borrowings shown under current liabilities (Note 39.1)	**(658,846,020)**	(608,021,150)
Current portion of long-term borrowings	**(649,427,830)**	(599,626,000)
Accrued finance costs	**(9,418,190)**	(8,395,150)
Long-term portion of borrowings (Note 39.1)	**16,724,264,122**	17,849,114,887

27.3 Facilities' currency denomination

Essentially 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:

	31 December 2022 (US$)	31 December 2021 (US$)
Public Pension Agency (US$)	**1,674,622,593**	1,759,974,230
Islamic and commercial banks facilities:		
Riyad Bank - as an agent for the Murabaha facility	**1,727,268,975**	1,815,599,013
Riyad Bank - as an agent for the Wakala facility	**482,017,014**	506,666,667
Saudi Industrial Development Fund (SAR)	**820,000,000**	918,666,667
Total	**4,703,908,582**	5,000,906,577

27.4 Maturity profile of long-term borrowings

	Note	31 December 2022	31 December 2021
Payable within 12 months		**1,355,758,559**	973,687,239
Between 1 - 2 years		**2,851,711,495**	2,007,567,816
Between 2 - 5 years		**8,208,406,896**	4,399,203,981
Over 5 years		**10,570,709,620**	14,516,514,807
Total	38.3	**22,986,586,570**	21,896,973,843

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27 Long-term borrowings (continued)

27.5 Security

The following assets were pledged as security for these long-term borrowings in accordance with the applicable CTAs:

	Notes	31 December 2022	31 December 2021
Mine properties	11.3	**3,284,919,391**	3,093,347,100
Property plant and equipment	12.3	**19,522,802,181**	19,744,318,693
Capital work-in-progress	14.3	**882,391,680**	1,721,051,595
Total		**23,690,113,252**	24,558,717,388

28 Provision for decommissioning, site rehabilitation and dismantling obligations

	Notes	31 December 2022	31 December 2021
Al-Khabra mine			
1 January		**129,328,664**	106,642,865
Unwinding of discount during the year arising from the passage of time	10	**4,460,842**	3,844,956
(Decrease) / increase in provision during the year	11	**(71,527,574)**	18,840,843
31 December		**62,261,932**	129,328,664

Commenced commercial production in	2017
Expected closure date	2045

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. Management 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.

During the current year, the estimates of decommissioning, site rehabilitation and dismantling obligations were revised. The net effect of these changes in the current year was a decrease in provision for decommissioning, site rehabilitation and dismantling costs and corresponding mine closure asset under the mine properties by SAR 71,527,574. These changes in estimates will result in a decrease in accretion of provision for mine decommissioning obligations and depreciation of mine closure asset for future years, however the net effect of such changes is not material for individual years."

29 Lease liabilities

The Company has entered into certain agreements which entitled the Company to right of use asset and obligations relating to certain vehicles and heavy equipment's (Note 13).

	Notes	31 December 2022	31 December 2021
Future minimum lease payments	13, 29.1	**35,791,954**	31,646,219
Less: Future finance costs not yet due	29.2	**(1,554,392)**	(2,230,810)
Net present value of minimum lease payment	13, 38.3	**34,237,562**	29,415,409
Less: Current portion shown under current liabilities	38.3	**(17,835,725)**	(17,389,526)
Non-current portion of lease liabilities	13	**16,401,837**	12,025,883

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29 Lease liabilities (continued)

Maturity profile of lease liabilities

	Note	31 December 2022	31 December 2021
2022		**-**	17,389,526
2023		**17,835,725**	7,884,415
2024		**8,119,252**	6,372,278
2025		**6,414,504**	-
2026		**3,422,473**	-
Total	13	**35,791,954**	31,646,219

29.1 Movement in future minimum lease payments:

	Note	31 December 2022	31 December 2021
1 January		**31,646,219**	36,483,261
Addition during the year	13	**25,256,295**	23,229,405
Payments during the year	13	**(21,110,560)**	(28,066,447)
31 December	13	**35,791,954**	31,646,219

29.2 Movement in future finance costs:

	Note	31 December 2022	31 December 2021
1 January		**2,230,810**	2,804,550
Addition during the year		**-**	454,935
Accretion of finance cost during the year	10	**(676,418)**	(1,028,675)
31 December	29	**1,554,392**	2,230,810

30 Other non-current liabilities

	31 December 2022	31 December 2021
Gross retention withheld from progress payments	**485,111,366**	468,767,355
Less: Current portion of retention from contractors payable less than 12 months and shown under current liabilities	**(485,111,366)**	(468,767,355)
Net long-term portion of retention withheld from progress payments	**-**	-
Other non-current liabilities	**143,456,386**	67,027,460
Total	**143,456,386**	67,027,460

31 Employees' benefits

	Notes	31 December 2022	31 December 2021
Employees' end of service termination benefits obligation	31.1	**83,309,637**	72,578,142
Employees' savings plan	31.2	**11,282,275**	8,554,922
Total		**94,591,912**	81,133,064

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31 Employees' benefits (continued)

31.1 Employees' end of service termination benefits obligation

	Notes	31 December 2022	31 December 2021
1 January		**72,578,142**	64,433,682
Total amount recognised in profit or loss	34.3	**11,622,120**	12,071,520
Current service cost		**9,689,451**	10,409,193
Interest expense	10	**1,932,669**	1,662,327
Loss attributable to the re-measurements recognised in other comprehensive income		**3,405,856**	1,846,166
Loss from change in financial assumptions		**-**	-
Experience losses		**3,405,856**	1,846,166
Settlements	34.2	**(4,680,977)**	(3,957,172)
Transfer from the plan		**384,496**	(1,816,054)
Total	31	**83,309,637**	72,578,142

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 of the Kingdom of Saudi Arabia.

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.

Significant actuarial assumptions

The significant actuarial assumptions were as follows:

	31 December 2022	31 December 2021
Discount rate	**4.80 %**	2.70 %
Salary growth rate	**4.80 %**	2.70 %
Employee mortality rate	**AM 80 Table**	AM 80 Table
Employee withdrawal rate	**7.0 %**	7.0 %

Sensitivity profile

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Sensitivity level %		Impact on Employees' end of service termination benefits obligation	
	Increase	Decrease	Increase	Decrease
31 December 2022				
Discount rate	**1%**	**1%**	**(10,317,312)**	**12,736,537**
Salary Increase rate	**1%**	**1%**	**12,615,911**	**(10,416,715)**
Mortality rate	**10%**	**10%**	**(14,839)**	**14,881**
Withdrawal rate	**10%**	**10%**	**(335,373)**	**351,169**
31 December 2021				
Discount rate	1%	1%	(11,071,674)	8,944,028
Salary Increase rate	1%	1%	9,023,085	(10,952,911)
Mortality rate	10%	10%	(13,966)	13,927
Withdrawal rate	10%	10%	(330,249)	315,420

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31 Employees' benefits (continued)

31.1 Employees' end of service termination benefits obligation (continued)

The above sensitivity analyses are based on a change in an 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 compared to the prior year.

Effect of defined benefit plan on entity's future cash flows

The weighted average duration of the defined benefit obligation is 13.84 years. The expected maturity analysis of undiscounted defined benefit obligation is as follows:

	31 December 2022	31 December 2021
2022	**-**	6,104,466
2023	**5,951,049**	3,456,714
2024	**4,185,579**	2,916,262
2025	**3,669,512**	3,224,637
2026	**3,950,508**	2,827,929
2027	**3,714,652**	2,431,221
2028 and thereafter	**160,520,125**	88,269,618
Total	**181,991,425**	109,230,847

31.2 Employees' savings plan

	Notes	31 December 2022	31 December 2021
1 January		**8,554,922**	6,947,875
Contribution for the year	34.3	**4,514,000**	3,031,181
Withdrawals during the year		**(1,786,647)**	(1,424,134)
Total	3.18, 24 & 31	**11,282,275**	8,554,922

32 Projects, trade and other payable

	Note	31 December 2022	31 December 2021
Projects		**529,628,045**	494,828,045
Trade		**315,420,012**	298,503,019
Others		**16,773,645**	8,518,197
Total	38.3	**861,821,702**	801,849,261

33 Accrued expenses

	Note	31 December 2022	31 December 2021
Projects		**18,766,070**	83,739,360
Trade		**708,896,870**	823,337,678
Employees		**66,196,153**	32,952,783
Total	38.3	**793,859,093**	940,029,821

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34 Zakat and income tax payable

	Notes	31 December 2022	31 December 2021
Zakat payable	34.2	**116,299,083**	35,869,915
Income tax payable	34.5	**103,069,933**	7,600,358
Total		**219,369,016**	43,470,273

34.1 Components of zakat base

The significant components of the zakat base for the Company attributable to the Saudi Arabian shareholders in proportion with their direct shareholding of 75% (Notes 1 and 25), under the zakat and the income tax regulations, are:

	Notes	31 December 2022	31 December 2021
Shareholders' equity, 1 January		**5,435,685,948**	4,711,341,497
Provisions at the beginning of the year		**199,112,628**	157,535,648
Long-term borrowings, net of cash	27, 24	**13,030,268,964**	13,836,555,668
Lease liabilities / (assets) - net	29	**3,854,255**	(275,986)
Other non-current liability		**107,592,290**	57,209,065
Retention payable	30	**363,833,525**	351,575,516
Project, trade and other payable	32	**446,244,677**	433,956,761
Others - Increase in provision for decommissioning, site rehabilitation & dismantling	28	**(53,645,681)**	-
Sub-total		**19,532,946,606**	19,547,898,169
Mine properties	11	**(2,438,404,334)**	(2,240,634,895)
Property, plant and equipment	12	**(14,655,055,883)**	(14,808,239,020)
Capital work-in-progress	14	**(682,443,317)**	(1,370,164,127)
Employee loans	17	**(13,085,173)**	(17,253,389)
Spare parts	21	**(591,360,108)**	(503,632,768)
Stockpile ore		**(27,121,915)**	-
Zakat base for the year		**1,125,475,876**	607,973,970
Zakat due at 2.57768% on Zakat base for the year 2022 and Zakat due at 2.58474% on Zakat base for the year 2021	34.2	**29,011,207**	15,671,645
Zakat Calculation based on adjusted net income:			
Adjusted net income for the year	34.3	**2,913,753,730**	807,930,806
Zakat rate applicable to the Company		**2.5%**	2.5%
Zakat due at 2.5% on adjusted income for the year	34.2	**72,843,843**	20,198,270
Total zakat provision on zakat base and adjusted net income		**101,855,050**	35,869,915

Zakat is calculated on (i) zakat base at 2.5% and (ii) adjusted net income at 2.58474%.

34.2 Zakat payable attributable to Saudi Arabian shareholders

Zakat is only payable by the Saudi Arabian shareholders at 2.578% on all components of zakat base except for adjusted net income for the year which is subject to zakat at the rate of 2.5%.

	Notes	31 December 2022	31 December 2021
1 January		**35,869,915**	-
Total provision for zakat during the year		**116,053,586**	35,869,915
Provision for zakat during the year	34.1	**101,855,050**	35,869,915
Provision for the prior year		**14,198,536**	-
Paid during the year		**(35,624,418)**	-
Total	34	**116,299,083**	35,869,915

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34 Zakat and income tax payable (continued)

34.3 Adjusted income / (losses) calculation for zakat and tax provision

	Notes	31 December 2022	31 December 2021
Accounting income for the year		**3,784,777,020**	1,015,465,318
Add/less: Disallowable expenses			
Depreciation per accounting rates	11.1, 12.1, 15	**1,302,510,307**	1,281,248,468
Depreciation under right of use assets	13	**17,507,016**	25,953,350
Write-off of fixed assets	11, 12	**740,740**	275,751,790
Provision for employees' end of service termination benefits	31.1	**11,622,120**	10,255,466
Provision for savings plan		**4,514,000**	920,805
Provision for decommissioning		**2,893,437**	3,844,956
Provision for community development program		**43,347,332**	14,867,666
Provision for research and development program		**43,347,332**	14,867,666
Provision for severance fee		**-**	18,106,887
Interest cost under lease liabilities		**676,418**	1,028,675
Interest charges in excess of the allowable limit		**-**	231,312,455
Sub-total		**1,427,158,702**	1,878,158,184
Less: Claims			
Payments of employees' end of service termination benefits charged against provision	31.1	**(4,296,481)**	(3,957,172)
Payment of savings plan provision		**(1,786,647)**	(440,905)
Depreciation per ZATCA rates		**(2,285,660,695)**	(2,658,479,488)
Repayment of lease liabilities net		**(23,679,701)**	(28,069,715)
Sub-total		**(2,315,423,524)**	(2,690,947,280)
Adjusted income / (loss) for tax calculations		**2,896,512,198**	202,676,222
Add/less adjustment for tax calculation:			
Depreciation differential between IFRS and ZATCA rates (net of write-off)		**982,409,648**	1,101,479,231
Interest charges in excess of the allowable limit		**-**	(231,312,455)
Payments of employees' end of service termination benefits charged against provision	31.1	**6,083,128**	4,398,077
Adjusted income for zakat calculations		**3,885,004,974**	1,077,241,075
Allocation of adjusted income / (loss):			
Saudi Arabian shareholder (75%)	34.1	**2,913,753,730**	807,930,806
Foreign shareholder (25%)	34.4	**724,128,049**	50,669,055

The ZATCA and Ministry of Finance issued MR no. 2216 dated 7/7/1440H, for the new zakat and income tax regulations and became effective from 1 January 2019.

34.4 Income tax provision

	Note	31 December 2022	31 December 2021
Adjusted income for tax calculations	34.2	**2,896,512,198**	202,676,222
Foreign shareholders' 25% proportionate share		**25%**	25%
Foreign shareholders' 25% proportionate share of the year income tax		**724,128,049**	50,669,055
Less: Brought forward losses – claimed to the extent of 25% adjusted profit		**(181,032,012)**	(12,667,264)
Taxable income on foreign shareholder		**543,096,037**	38,001,791
Income tax rate applicable to the Company		**20%**	20%
Income tax provision for the year	34,5	**108,619,208**	7,600,358

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34 Zakat and income tax payable (continued)

34.4 Income tax provision (continued)

Income tax payable attributable to foreign shareholder

Income tax is payable at the rate of 20% by the foreign shareholder on their proportionate share of the Company's estimated taxable income.

	Note	31 December 2022	31 December 2021
1 January		**7,600,358**	**-**
Provision for income tax for the year		**108,619,208**	7,600,358
Foreign shareholders' 25% proportionate share of the year income tax provision	34.4	**108,619,208**	7,600,358
Over provision for the prior year		**-**	-
Paid during the year		**(7,514,075)**	-
Advance income tax payment		**(5,635,558)**	-
Total		**103,069,933**	7,600,358

34.5 Income tax (credit) / expense

Income tax is payable at the rate of 20% by the foreign shareholder on their proportionate share of the Company's estimated taxable income.

	Note	31 December 2022	31 December 2021
Accounting income for the year before zakat and income tax	34.2	**3,784,777,020**	1,015,465,318
Income tax rate applicable to the Company		**20%**	20%
Foreign shareholders' 25% proportionate share of the year income tax		**25%**	25%
Income tax on foreign shareholder		**189,238,851**	50,773,266
Tax effect of expenses disallowed		**-**	11,796,905
Tax effect of other differences		**2,558,246**	(1,435,320)
Income tax provision for the year	34,5	**191,797,097**	61,134,851

Reconciliation of deferred tax and income tax:

	Note	31 December 2022	31 December 2021
Deferred tax assets debited / (credited) to income statement	16.1	**33,214,440**	(981,387)
Deferred tax liabilities debited to income statement	16.2	**49,963,449**	54,515,880
Net impact of deferred tax		**83,177,889**	53,534,493
Add: Income tax charge for the year	34.4	**108,619,208**	7,600,358
Income tax expense for the year		**191,797,097**	61,134,851

34.6 Status of final certificate and assessments

The Company has filed its zakat and income tax returns for the years 2014 through 2021. However, no final assessment has been issued by the ZATCA. The Company received provisional zakat and tax certificates for the years 2014 to 2021.

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35 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 to the Government of Saudi Arabia severance fees, representing equivalent of 20% of hypothetical income in addition to a specified percentage of the net value of the minerals upon extraction effective from 01 January 2021 which supersedes the Royal Decree No. 47/M dated 20 Sha'aban 1425H (corresponding to 4 October 2004), which required the Company to pay to the Government of Saudi Arabia severance fee representing 25% of the annual net income per mining license or the equivalent of 20% of hypothetical income, whichever was lower.

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

35.1 Severance payable

	Note	31 December 2022	31 December 2021
1 January		**18,106,887**	**-**
Provision for severance fee		**8,548,279**	18,106,887
Provision of severance fee for the current year	35.2	**8,007,297**	18,106,887
Under provision of severance fee for the prior year		**540,982**	-
Paid during the year		**(18,647,869)**	-
Total		**8,007,297**	18,106,887

35.2 The provision for severance fees payable by phosphate mines is calculated as follows:

	Note	31 December 2022	31 December 2021
Severance fees based on the value of extracted Minerals:			
Net value of minerals upon extraction		**200,182,431**	10,817,233
Percentage of fees for the mineral extracted applicable to the Company		**4%**	4%
Ad Valorem fee on extracted minerals for the year		**8,007,297**	432,689
Add: Hypothetical income tax at 20% based on years taxable net income		**-**	53,544,113
Provision for severance fees based on extracted minerals for the year		**8,007,297**	53,976,802
Severance fee based on the value of adjusted profit:			
Net (loss) / income from operating mines before zakat and severance fee for the year		**(82,822,892)**	265,583,073
20% based on years taxable net income applicable to the Company		**20%**	-
Percentage of severance fees applicable to the Company		**-**	25%
25% of the year net (loss) / income as defined.		**(16,564,578)**	66,395,768
Severance fee provision:			
Tax on adjusted profit		-	53,976,802
Less: Provision for zakat settled (restricted to the guidelines per Article 134.3) for the year	34.1	**-**	(35,869,915)
Add: Fees for the value of minerals upon extraction		**8,007,297**	-
Net severance fee provision for the year		**8,007,297**	18,106,887

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36 Related party transactions and balances

36.1 Related party transactions

The Company is ultimately owned by Public Investment Fun ("PIF") (a sovereign wealth fund of the Kingdom of Saudi Arabia). Transactions with related parties carried out during the year, in the normal course of business, are summarized below:

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Sales made by the Company through marketer:			
Saudi Arabian Mining Company – Ma'aden, the parent company	5, 22	**6,173,540,904**	4,011,782,844
SABIC	5, 22	**2,135,348,364**	1,061,548,144
Mosaic Phosphates B.V.	5, 22	**1,995,908,298**	1,088,098,638
Expenses charged by the shareholders to the Company			
Marketing fee for			
Saudi Arabian Mining Company – Ma'aden, the parent company	7	**264,225,192**	170,953,141
SABIC	7	**92,788,214**	45,230,208
Mosaic Phosphates B.V.	7	**87,102,628**	45,876,169
Deductible reimbursement by			
Saudi Arabian Mining Company – Ma'aden, the parent company	6	**408,404,768**	265,141,725
SABIC	6	**105,614,705**	57,711,807
Mosaic Phosphates B.V.	6	**58,149,441**	68,628,208
Natural gas and power charged to Ma'aden Fertilizer Company ("MFC")		**110,603,374**	-
Expenses charged by Ma'aden to the Company			
Allocation of head office shared services charges by Ma'aden to the Company		**104,506,937**	81,092,810
Expenses charged by Mosaic to the Company			
Cost of seconded employees, technology fee and other cost paid to The Mosaic Company		**25,851,100**	21,791,496
Expenses charged by fellow subsidiaries to the Company			
Personnel and administration related services charged by MPC to the Company		**131,109,605**	189,518,777
Net product received from MPC under Product Swap Agreement		**55,104,104**	1,945,634
Raw material supply by IMC to the Company		**27,527,541**	13,136,933
Raw materials supply by Saudi Aramco to the Company			
Molten sulfur, natural gas, and diesel supplies by Aramco to the Company		**1,658,154,059**	745,102,547

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36 Related party transactions and balances (continued)

36.2 Related party balances

	Notes	31 December 2022	31 December 2021
Due from shareholders			
Ma'aden – Operational current account transactions	18.1	**280,986,274**	141,022,271
Ma'aden – Trade receivable	22	**865,585,916**	597,200,914
Sub-total		**1,146,572,190**	738,223,185
SABIC	22	**265,949,560**	41,481,619
Mosaic Phosphates B.V. – Trade receivable	22	**275,937,379**	199,951,194
Mosaic Phosphates B.V. – Operational current account transactions	18.1	**1,889,904**	-
Total		**1,690,349,033**	979,655,998
Due to shareholders			
Ma'aden – Allocation of head office shared services	18.2	**146,520,297**	72,575,054
Mosaic Phosphates B.V.	18.2	**-**	4,778,129
Total		**146,520,297**	77,353,183
Due from fellow subsidiaries			
Ma'aden Phosphate Company	19.1	**36,921,307**	66,215,420
Ma'aden Fertilizer Company	19.1	**110,603,374**	-
Ma'aden Rolling Company	19.1	**23,100**	-
Total		**147,547,781**	66,215,420
Due to fellow subsidiaries			
Ma'aden Phosphate Company	19.2	**140,498,514**	89,869,155
Ma'aden Aluminum Company	19.2	**5,638,464**	2,126,245
Industrial Minerals Company	19.2	**8,485,222**	1,372,612
Ma'aden Gold and Base Metal Company	19.2	**24,194**	
Ma'aden Fertilizer Company	19.2	**-**	1,367,479
Ma'aden Infrastructure Company:	19.2	**17,254**	196,906
Total	19.2	**154,663,648**	94,932,397
Non-trade receivable – related to molten sulfur rebate to Saudi Aramco			
Saudi Aramco	22	**313,475,617**	215,419,453
Trade payable to Saudi Aramco			
Saudi Aramco	32	**69,851,908**	13,172,127

36.3 Key management personnel compensation

	Year ended 31 December 2022	Year ended 31 December 2021
Short-term employee benefits	**18,911,552**	25,089,710
Employees' end of service termination benefits	**871,906**	853,854
Total	**19,783,458**	25,943,564

37 Commitments and contingent liabilities

37.1 Capital commitments

	31 December 2022	31 December 2021
Capital expenditure contracted for:		
Progress payment commitments in accordance with contractual obligation	**68,774,452**	207,569,802

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37 Commitments and contingent liabilities (continued)

37.2 Guarantees and letter of credit

	31 December 2022	31 December 2021
Guarantee in favor of Saudi Aramco, for future supply of molten sulfur	**426,937,500**	234,375,000
Guarantee in favor of Saudi Aramco, for future diesel and gas feedstock supplies	**115,088,950**	55,306,138
Letter of credit in favor of Ministry of Petroleum and Mineral Resources, for future purified phosphoric acid, fuel and feed stocks supplies	**262,500,000**	262,500,000
Letter of credit in favor of Andritz SAS, for future supply of materials	**-**	8,499,886
Guarantee in favor of Ras Al-Khair Port, for land lease	**30,916,900**	-
Letter of credit in favor of Jordan Phosphate Mine, for future supply of concentrated rock	**4,383,750**	-
Guarantee in favor of Jubail Commercial Port, for warehouse rental in Jubail	**325,791**	393,663

37.3 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.

38 Financial risk management

The Company's activities expose it to a variety of financial risks such as:

- market risk
- credit risk and
- liquidity risk

38.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk:

- foreign currency risk,
- interest rate risk and
- commodity risk

Financial instruments affected by market risk includes loans and borrowings, deposits and short-term investments, trade receivables, trade payables and accrued liabilities.

The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed-to-floating interest rates on the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant. The sensitivity analysis is intended to illustrate the sensitivity to changes in market variables on the Company's financial instruments and show the impact on profit or loss and shareholders' equity, where applicable.

The Company's overall risk management program focuses on the unpredictability of financial market and seeks to minimize potential adverse effects on the Company's financial performance.

38.1.1 Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional and reporting currency is the Saudi Riyal. The Company's transactions are principally in Saudi Riyals, US Dollars and Euros. Management monitor the fluctuations in currency exchange rates and believes that the currency risk is not significant. The bulk of the exposure is in USD and the Saudi Riyal is pegged at SAR 3.75: USD 1 therefore, the Company is not exposed to any risk from USD denominated financial instruments.

38 Financial risk management (continued)

38.1 Market risk (continued)

38.1.1 Foreign currency risk (continued)

All commodity sales contracts are denominated in USD price and so is the bulk of the procurement and capital expenditure contracts.

The Company's exposure to foreign currency risk (Euro) at the end of the reporting year, expressed in SAR, was as follows:

	31 December 2022	31 December 2021
Trade payables - Projects	**1,602,790**	4,419,601

Foreign currency sensitivity analysis

The Company is primarily exposed to changes in SAR/EURO exchange rates. The sensitivity of profit or loss and equity to changes in the foreign exchange rates arises mainly from Euro denominated payable balance.

Impact on post tax profit / equity due to increase / (decrease) in foreign exchange rate

	31 December 2022	31 December 2021
SAR/EURO exchange rate		
- increase 10%	**160,279**	441,960
- decrease (10%)	**(160,279)**	(441,960)

Amount recognised in financial statements

During the year, the following foreign-exchange related amounts were expensed:

	Year ended 31 December 2022	Year ended 31 December 2021
Foreign exchange gain	**4,340,513**	9,378,217

38.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term borrowing which expose the Company to cash flow interest rate risk.

The Company's receivables and fixed rate borrowings carried at amortised cost are not subject to interest rate risk as defined in IFRS 7, since neither the fair value nor the future cash flows will fluctuate because of a change in market interest rates. Hence, the Company is not exposed to fair value interest rate risk.

The exposure of the Company's borrowing to interest rate changes and the contractual re-pricing dates of the fixed interest rate borrowings at the end of the reporting year are as follows:

	Note	31 December 2022	31 December 2021
Fixed interest rate – repricing dates	27.2	**17,383,110,142**	18,457,136,037
Average 1-month LIBOR rate		**2.88%**	0.15%
Average 1-month SIBOR rate		**3.26%**	0.17%
Average annual interest rate		**3.07%**	1.85%

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38 Financial risk management (continued)

38.1 Market risk (continued)

38.1.2 Interest rate risk (continued)

Profit or loss is sensitive to higher / lower interest expense from long-term borrowings as a result of changes in interest rates. The Company's profit / (loss) before tax is affected as follows:

	31 December 2022	31 December 2021
Interest rates		
- increase by 100 basis points	**179,201,231**	189,283,997
- decrease by 100 basis points	**(179,201,231)**	(189,283,997)

Transition from LIBOR to risk free rates

The Company is assessing the impact and next steps to ensure a smooth transition from LIBOR to the new benchmark rates. Further details are explained in Note 2 of these financial statements.

38.1.3 Commodity price risk

The Company is exposed to the risk of fluctuation in prevailing market commodity prices on the ammonia product.

The Company makes sale of certain ammonia products on a provisional pricing basis. Revenue and a corresponding receivable from the sale of the provisional priced commodities is recognized at a point in time, where control of goods has been transferred to customers and revenue can be measured reliably. At this date, the amount of revenue and receivable to be recognized will be estimated based on the forward market price of the commodity being sold. However, the Company faces a risk that future adverse change in price of ammonia products would result in the reduction of receivable balance.

The Company does not generally believe commodity price hedging would provide a long-term benefit to the shareholders.

Commodity price exposure

The exposure of the Company's receivable balance to changes in commodity prices are as follows:

	Note	31 December 2022	31 December 2021
Trade receivables from shareholders pertaining to:			
Di-ammonium phosphate fertilizer sales		**1,057,861,080**	581,195,844
Ammonia sales		**349,611,775**	257,437,883
Total	22	**1,407,472,855**	838,633,727

Commodity price sensitivity analysis

The table shows the impact on profit before tax and equity for changes in commodity prices. The analysis is based on the assumption that ammonia and phosphate prices move 10% with all other variables held constant.

	31 December 2022	31 December 2021
Increase / (decrease) in di-ammonium phosphate fertilizer prices		
Increase of 10% in SAR per tonne	**105,786,108**	58,119,584
Decrease of 10% in SAR per tonne	**(105,786,108)**	(58,119,584)
Increase / (decrease) in ammonia prices		
Increase of 10% in SAR per tonne	**34,961,178**	25,743,788
Decrease of 10% in SAR per tonne	**(34,961,178)**	(25,743,788)