



Independent auditor's report to the shareholders of Saudi Arabian Mining Company (Ma'aden)

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Saudi Arabian Mining Company (Ma'aden) (the "Company") and its subsidiaries (together the "Group") as at 31 December 2023, and its consolidated financial performance and its consolidated 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 Group's consolidated financial statements comprise:

- the consolidated statement of profit or loss for the year ended 31 December 2023;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information 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 consolidated 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 Group 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 consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements.

Our audit approach

Overview

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| Key audit matters | <ul style="list-style-type: none"> • Impairment assessments of property, plant and equipment, mine properties, capital work-in-progress, right-of-use assets and finite-life intangible assets; and • Change in estimate of useful lives and residual values of property, plant and equipment and mine properties. |
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As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

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Independent auditor's report to the shareholders of Saudi Arabian Mining Company (Ma'aden) (continued)

Our audit approach (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
<p><i>Impairment assessments of property, plant and equipment, mine properties, capital work-in-progress, right-of-use assets and finite-life intangible assets</i></p> <p>As at 31 December 2023, the Group had property, plant and equipment with a carrying value of Saudi Riyals 59.8 billion, mine properties of Saudi Riyals 12.9 billion, capital work-in-progress of Saudi Riyals 3.4 billion, right-of-use assets of Saudi Riyals 1.8 billion and finite-life intangible assets of Saudi Riyals 0.2 billion, individually or as grouped in cash generating units ("CGUs"). As at 31 December 2023, property, plant and equipment is stated net of an impairment loss, arising in previous years, amounting to Saudi Riyals 3.3 billion.</p> <p>At each reporting date, the Group tests for impairment the carrying amount of these assets, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or where a reversal of a previously recognized impairment on a specific asset or a CGU is required.</p> <p>The determination of the recoverable amounts, being the higher of value-in-use and fair value less costs of disposal, requires management to identify and then estimate the recoverable amounts for the assets or the CGUs to which the assets belong. Recoverable amounts, in case of value-in-use, are based on management's view of key inputs around future business growth in the forecasted period as well as external market conditions such as expected future commodity prices as set out in the approved business plans of the respective CGUs. It also requires management to make estimates of future business growth, terminal growth rates and to determine the most appropriate discount rates.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> • Understood and evaluated the appropriateness of management's identification of the CGUs. • Assessed management's identification of both impairment indicators and indicators of impairment reversal, including the conclusions reached. We also evaluated the design and implementation of key controls over the impairment assessment processes comprising impairment indicators identification and the estimation of recoverable amounts. • Evaluated the reasonableness of management's assumptions and estimates used to determine the recoverable amounts of the CGUs where impairment indicators have been identified. This evaluation included: <ul style="list-style-type: none"> (i) Assessing the methodology used by management to estimate the value-in-use by checking, on a sample basis, the accuracy and appropriateness of the input data in the discounted cash flow models to supporting documentation, such as the approved business plans. We considered the reasonableness of business plans by comparing them to the historical results and the market data, particularly with respect to sales pricing, and comparing the current year's actual results with its forecast. We also inquired with management to understand the basis for the assumptions used in the business plans of the respective CGUs in the Group;



Independent auditor’s report to the shareholders of Saudi Arabian Mining Company (Ma’aden) (continued)

Key audit matter	How our audit addressed the Key audit matter
<p>Specific assets, or the CGUs to which the assets belong, where management identified the impairment indicators and where we focused our audit procedures included the following:</p> <p><i>Ma’aden Rolling Company (Rolling mill CGU)</i></p> <p>Management determined that the recoverable amount was higher than the carrying value resulting in no further impairment loss nor reversal of a previously recognized impairment loss to be recognized as at 31 December 2023.</p> <p><i>Ma’aden Wa’ad Al Shamal Phosphate Company</i></p> <p>Management determined that the recoverable amount was higher than the carrying value resulting in no impairment loss to be recognized as at 31 December 2023.</p> <p>We considered this as a key audit matter as the assessment of the recoverable amounts of the assets, or the CGUs to which the assets belong, requires complex estimation and significant judgment primarily around production profiles, commodity prices, future economic and market conditions, growth rates (including terminal growth rates) and discount rates.</p> <p>Refer to Note 4.11 to the consolidated financial statements for the accounting policy relating to the impairment of these assets, Notes 5.1 and 5.2 for the disclosure of critical accounting judgments and key sources of estimation uncertainty and Note 17 for the disclosure of matters related to impairment considerations of the respective CGUs.</p>	<p>(ii) Assessing the appropriateness of the discounted cash flow projections in the calculation of the value-in-use, testing the reasonableness of key assumptions such as the future business growth in the forecasted period, terminal growth rates and discount rates. We made this assessment based on our knowledge of the business and industry by, for example, comparing the assumptions to historical results and published market and industry outlook data and other relevant information. Our internal valuation experts were engaged to assist us in the assessment of the methodology underlying the value-in-use calculations and to assess the reasonableness of discount rates and terminal growth rates assumed in the models;</p> <p>(iii) Testing management’s discounted cash flow models used in the calculation of the value-in-use for mathematical accuracy and logical integrity of the underlying calculations; and</p> <p>(iv) Testing sensitivity analyses over key assumptions in the calculation of the value-in-use in order to assess the potential impact of a range of possible outcomes.</p> <ul style="list-style-type: none"> Assessed the adequacy and appropriateness of the related disclosures in the accompanying consolidated financial statements.



Independent auditor's report to the shareholders of Saudi Arabian Mining Company (Ma'aden) (continued)

Key audit matter	How our audit addressed the Key audit matter
<p><i>Change in estimate of useful lives and residual values of property, plant and equipment and mine properties</i></p> <p>As at 31 December 2023, the Group had property, plant and equipment with a carrying value of Saudi Riyals 59.8 billion and mine properties of Saudi Riyals 12.9 billion.</p> <p>The Group's management reviews the useful lives and residual values of its property, plant and equipment and mine properties, on an annual basis, as required by the International Accounting Standard 16 'Property, plant and equipment', as endorsed in the Kingdom of Saudi Arabia.</p> <p>Based on the review carried out for the year ended 31 December 2023, management revised the range of estimated useful lives and residual values of different categories of assets related to the Group's property, plant and equipment and mine properties. The Group's management also involved external experts to assess the revised useful lives and residual values. This change resulted in the depreciation expense for the year ended 31 December 2023 to be lower by Saudi Riyals 184 million as compared to what it would have been using the previous useful lives and residual values. The change in useful lives and consideration of residual values in the computation of depreciation were applied prospectively from the date of change in estimate.</p> <p>We considered this as a key audit matter as the assessment of the review of the useful lives and residual values requires significant judgments around multiple factors including, but not limited to, the condition of the property, plant and equipment and mine properties and measures taken by the Group over the years to maintain its property, plant and equipment and mine properties.</p> <p>Refer to Note 4.7 to the consolidated financial statements for the accounting policies relating to property, plant and equipment and mine properties, Note 5.2 for key sources of estimation uncertainty, Note 5.3 for changes in accounting estimates and Notes 16 and 17 for the disclosure of matters related to change in useful lives and residual values.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> • Evaluated the appropriateness of management's process for the identification of the change in estimate of useful lives and residual values of different categories of assets related to the Group's property, plant and equipment and mine properties. • Assessed the work performed by management's external experts, evaluated their competency and objectivity based on their professional qualifications, relevant experience, use of industry accepted methodology and their independence. • Understood the appropriateness of the methodology adopted by management to reassess the useful lives and residual values of property, plant and equipment and mine properties. • Involved our internal experts to assist us in the following: <ul style="list-style-type: none"> (i) assessing the methodology adopted by management in assessing the revised useful lives and residual values of different categories of assets related to the Group's property, plant and equipment and mine properties; (ii) evaluating whether the revised useful lives of property, plant and equipment and mine properties are consistent with those commonly used in the peer industries and are justified with the market conditions in which the Group's assets are located; and (iii) evaluating whether the underlying information used in the calculation of revised residual values of property, plant and equipment and mine properties by management were reasonable. • Tested, on a sample basis, the updates made to the changes in the useful lives and residual values of different categories of assets related to the Group's property, plant and equipment and mine properties in the fixed asset register and recomputed the related depreciation, on a sample basis. <p>Assessed the adequacy and appropriateness of the related disclosures in the accompanying consolidated financial statements.</p>



Independent auditor's report to the shareholders of Saudi Arabian Mining Company (Ma'aden) (continued)

Other information

Management is responsible for the other information. The other information comprises information included in the Group's 2023 Annual Report, (but does not include the consolidated financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Group's 2023 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the consolidated 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 By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.



Independent auditor's report to the shareholders of Saudi Arabian Mining Company (Ma'aden) (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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:

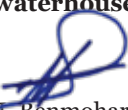
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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