06

FINANCIAL STATEMENTS

SAUDI ARABIAN MINING COMPANY (MA'ADEN) (A Saudi Arabian joint stock company)

Administration and contact details

as at 31 December 2023

Commercial registration number	1010164391
Directors	H.E. Yasir bin Othman Al-Rumayyan – Chairman
	H.E. Eng. Khalid bin Saleh Al-Mudaifer – Deputy Chairman
	Mr. Richard O'Brien
	Ms. Sofia Bianchi
	Dr. Ganesh Kishore
	Dr. Mohammed bin Yahya Al-Qahtani
	Mr. Robert Wilt
	H.E. Ahmed Abdulaziz Alhakbani
	Mr. Abdullah bin Saleh bin Jum'ah
	Eng. Nabila bint Mohammed Al-Tunisi
	Dr. Manar Moneef AlMoneef
Registered address	Building number 395
	Abi Bakr Asseddiq Road, South
	Exit 6, North Ring Road
	Riyadh 11537
	Kingdom of Saudi Arabia
Postal address	P.O. Box 68861
	Riyadh 11537
	Kingdom of Saudi Arabia
Auditors	PricewaterhouseCoopers
	Kingdom Centre - 21st Floor
	King Fahad Road
	Riyadh 11414
	Kingdom of Saudi Arabia

The shareholders in their General Assembly meeting held on 25 September 2023 elected the Board of Directors for the next term, which began on 25 October 2023 for a period of 3 years and ends on 24 October 2026.

SAUDI ARABIAN MINING COMPANY (MA'ADEN) (A Saudi Arabian joint stock company)

Statement of Directors' responsibilities

for the preparation and approval of the Consolidated financial statements
for the year ended 31 December 2023

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 4 to 10, is made with a view to distinguish the responsibilities of management and those of the independent auditor in relation to the consolidated financial statements of Saudi Arabian Mining Company (Ma'aden) (the "Company") and its subsidiaries (the "Group").

Management is responsible for the preparation of the consolidated financial statements that present fairly the consolidated financial position of the Group as at 31 December 2023, its financial performance, changes in equity and cash flows for the year then ended, in accordance with International Financial Reporting Standards ("IFRS") 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").

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

- selecting suitable accounting policies and applying them consistently,
- making judgments and estimates that are reasonable and prudent,
- stating whether IFRS that are 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 consolidated financial statements, and
- preparing and presenting the consolidated financial statements on a going concern basis, unless it is inappropriate to presume that the Group and the companies will continue their business for the foreseeable future.

Management is also responsible for:

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

The consolidated financial statements for the year ended 31 December 2023 set out on pages 137-261, were approved and authorized for issue by the Board of Directors on 25th February 2024 and signed on their behalf by:

Mr. Robert Wilt
Chief Executive Officer and
Authorized by the Board

Mr. Louis Irvine
Executive Vice-President, Finance and
Chief Financial Officer

15th Sha'ban, 1445H
25th February 2024
Riyadh
Kingdom of Saudi Arabia

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

Key audit matters	• 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.

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
Impairment assessments of property, plant and equipment, mine properties, capital work-in-progress, right-of-use assets and finite-life intangible assets 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. 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. 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.	Our procedures included the following: • 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: (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;

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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
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: *Ma'aden Rolling Company (Rolling mill CGU)* 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. *Ma'aden Wa'ad Al Shamal Phosphate Company* 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. 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. 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.	(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; (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 (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. • 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
Change in estimate of useful lives and residual values of property, plant and equipment and mine properties	
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. 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. 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. 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. 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.	Our procedures included the following: • 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: (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. 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)

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.

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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.

PricewaterhouseCoopers

Bader I. Benmohareb
License Number 471

29 February 2024

SAUDI ARABIAN MINING COMPANY (MA'ADEN) (A Saudi Arabian joint stock company)

Consolidated statement of profit or loss

for the year ended 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

		Year ended 31 December	
	Notes	2023	2022
Sales	7	29,271,927,826	40,277,122,289
Cost of sales	8	(22,357,515,845)	(24,028,170,832)
Gross profit		6,914,411,981	16,248,951,457
Operating expenses			
Selling, marketing and logistic expenses	9	(630,276,560)	(879,725,045)
General and administrative expenses	10	(1,967,153,310)	(1,629,280,542)
Exploration and technical services expenses	11	(484,643,659)	(203,137,441)
Expected credit loss allowance	27, 28	(16,175,246)	-
Operating profit		3,816,163,206	13,536,808,429
Other income / (expenses)			
Income from time deposits	12	848,251,746	278,097,217
Finance cost	13	(2,347,449,504)	(1,514,655,530)
Other (expenses) / income, net	14	(44,336,688)	164,708,253
Share in net profit of joint ventures that have been equity accounted	21	319,358,683	552,636,088
Profit before zakat, income tax and severance fees		2,591,987,443	13,017,594,457
Income tax	22	(32,054,458)	(293,039,936)
Zakat expense	42.2	(491,652,190)	(595,998,573)
Severance fees	22, 43	(370,547,802)	-
Profit for the year		1,697,732,993	12,128,555,948
Profit for the year is attributable to:			
Ordinary shareholders of the parent company	15	1,577,326,494	9,319,047,152
Non-controlling interest	34.2	120,406,499	2,809,508,796
		1,697,732,993	12,128,555,948
Earnings per ordinary share (Saudi Riyals)			
Basic and diluted earnings per share from continuing operations attributable to ordinary shareholders of the parent company	15	0.43	2.52

Mr. Robert Wilt
Chief Executive Officer and
Authorized by the Board

Mr. Louis Irvine
Executive Vice-President, Finance and
Chief Financial Officer

SAUDI ARABIAN MINING COMPANY (MA'ADEN) (A Saudi Arabian joint stock company)

Consolidated statement of comprehensive income

for the year ended 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year ended 31 December 2023	2022
Profit for the year		**1,697,732,993**	**12,128,555,948**
Other comprehensive (loss) / income			
Items that may be reclassified to profit or loss			
Gain / (loss) on exchange differences on translation	34.2	98,098	(94,482,149)
Cash flow hedge – changes in fair value and transfer to profit or loss, net	38	(78,961,732)	323,214,129
Items that will not be reclassified to profit or loss			
Share in other comprehensive (loss) / income of a joint venture that has been equity accounted	21	(1,950,966)	1,448,695
Change in fair value of equity investment classified as fair value through other comprehensive income		(107,987,896)	-
Loss attributable to the re-measurements of employees' end of service termination benefits obligation	39.1.1	(14,384,636)	(50,446,039)
Other comprehensive (loss) / income for the year		**(203,187,132)**	**179,734,636**
Total comprehensive income for the year		**1,494,545,861**	**12,308,290,584**
Total comprehensive income for the year is attributable to:			
Ordinary shareholders of the parent company		1,396,920,634	9,429,942,121
Non-controlling interest	34.2	97,625,227	2,878,348,463
		1,494,545,861	**12,308,290,584**

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Authorized by the Board

Mr. Louis Irvine
Executive Vice-President, Finance and
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SAUDI ARABIAN MINING COMPANY (MA'ADEN) (A Saudi Arabian joint stock company)

Consolidated statement of financial position

as at 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	31 December 2023	2022
Assets			
Non-current assets			
Mine properties	16	**12,917,246,822**	11,641,414,963
Property, plant and equipment	17	**59,810,324,257**	60,782,265,017
Right-of-use assets	18	**1,807,472,967**	1,933,166,318
Capital work-in-progress	19	**3,426,693,995**	2,632,264,787
Intangible assets and goodwill	20	**353,066,526**	352,865,302
Investment in joint ventures	21	**1,601,244,055**	1,295,727,119
Deferred tax assets	22	**1,346,378,216**	795,766,671
Investment in securities	23	**481,673,001**	36,266,000
Derivative financial instruments	38	**-**	98,983,269
Other non-current assets	24	**919,128,468**	883,416,630
Total non-current assets		**82,663,228,307**	**80,452,136,076**
Current assets			
Advances and prepayments	25	**341,423,806**	484,041,350
Inventories	26	**7,200,233,920**	6,874,231,243
Trade and other receivables	27	**6,045,678,972**	7,368,933,495
Derivative financial instruments	38	**51,840,094**	34,053,290
Time deposits	28	**5,034,358,969**	10,034,634,217
Cash and cash equivalents	29	**10,536,860,355**	6,338,244,185
Total current assets		**29,210,396,116**	**31,134,137,780**
Total assets		**111,873,624,423**	**111,586,273,856**
Equity and liabilities			
Equity			
Share capital	30	**36,917,734,380**	24,611,822,920
Statutory reserve	32	**157,732,649**	2,508,926,200
Treasury shares held under employees' share-based payment plan	33	**(74,071,947)**	-
Other reserves	33	**(245,296,521)**	(120,164,957)
Retained earnings		**9,667,197,455**	18,068,605,453
Equity attributable to ordinary shareholders of the parent company		**46,423,296,016**	45,069,189,616
Non-controlling interest	34.4	**10,391,969,118**	10,970,665,499
Total equity		**56,815,265,134**	**56,039,855,115**
Non-current liabilities			
Long-term borrowings	35	**33,178,992,761**	38,051,945,256
Provision for decommissioning, site rehabilitation and dismantling obligations	36	**2,428,291,992**	522,196,141
Non-current portion of lease liabilities	37	**1,434,887,945**	1,578,375,271
Deferred tax liabilities	22	**1,588,637,319**	1,106,378,472
Employees' benefits	39	**1,246,815,834**	1,102,659,912
Trade, projects, and other payables	40	**458,013,677**	222,191,275
Total non-current liabilities		**40,335,639,528**	**42,583,746,327**
Current liabilities			
Trade, projects, and other payables	40	**4,549,783,714**	4,267,822,976
Accrued expenses	41	**5,070,199,674**	4,551,654,359
Zakat and income tax payable	42	**608,706,231**	716,892,771
Severance fees payable	43	**65,615,814**	21,886,722
Current portion of long-term borrowings	35	**4,128,897,922**	3,138,686,170
Current portion of lease liabilities	37	**299,516,406**	265,729,416
Total current liabilities		**14,722,719,761**	**12,962,672,414**
Total liabilities		**55,058,359,289**	**55,546,418,741**
Total equity and liabilities		**111,873,624,423**	**111,586,273,856**

Mr. Robert Wilt
Chief Executive Officer and
Authorized by the Board

Mr. Louis Irvine
Executive Vice-President, Finance and
Chief Financial Officer

SAUDI ARABIAN MINING COMPANY (MA'ADEN) (A Saudi Arabian joint stock company)

Consolidated statement of changes in equity

for the year ended 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

	Equity attributable to ordinary shareholders of the parent company							Non-controlling interest					
	Share capital (Note 30)	Share premium (Note 31)	Statutory reserve (Note 32)	Treasury shares held under employees' share-based payment plan (Note 33)	Other reserves (Note 33)	Retained earnings	Sub-total	Share capital	Payments to increase share capital*	Other reserves (Note 33)	Profit attributable to non-controlling interest	Sub-total	Total equity
1 January 2022	12,305,911,460	10,739,190,039	1,577,021,485	-	(262,849,384)	11,291,980,863	35,651,254,463	7,952,771,882	68,155,432	(64,332,076)	360,721,798	8,317,317,036	43,968,571,499
Profit for the year	-	-	-	-	-	9,319,047,152	9,319,047,152	-	-	-	2,809,508,796	2,809,508,796	12,128,555,948
Other comprehensive income / (loss) for the year	-	-	-	-	154,691,395	(43,796,426)	110,894,969	-	-	74,040,585	(5,200,918)	68,839,667	179,734,636
Total comprehensive income for the year	-	-	-	-	154,691,395	9,275,250,726	9,429,942,121	-	-	74,040,585	2,804,307,878	2,878,348,463	12,308,290,584
Revaluation loss on put option for non-controlling interest (Note 40.2)	-	-	-	-	(12,006,968)	-	(12,006,968)	-	-	-	-	-	(12,006,968)
Dividend attributable to non-controlling shareholder	-	-	-	-	-	-	-	-	-	-	(225,000,000)	(225,000,000)	(225,000,000)
Issuance of bonus shares (Note 30)	12,305,911,460	(10,739,190,039)	-	-	-	(1,566,721,421)	-	-	-	-	-	-	-
Transfer to statutory reserve (Note 32)	-	-	931,904,715	-	-	(931,904,715)	-	-	-	-	-	-	-
31 December 2022	**24,611,822,920**	**-**	**2,508,926,200**	**-**	**(120,164,957)**	**18,068,605,453**	**45,069,189,616**	**7,952,771,882**	**68,155,432**	**9,708,509**	**2,940,029,676**	**10,970,665,499**	**56,039,855,115**

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SAUDI ARABIAN MINING COMPANY (MA'ADEN) (A Saudi Arabian joint stock company)

Consolidated statement of changes in equity

for the year ended 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

	Equity attributable to ordinary shareholders of the parent company							Non-controlling interest					
	Share capital (Note 30)	Share premium (Note 31)	Statutory reserve (Note 32)	Treasury shares held under employees' share-based payment plan (Note 33)	Other reserves (Note 33)	Retained earnings	Sub-total	Share capital	Payments to increase share capital*	Other reserves (Note 33)	Profit attributable to non-controlling interest	Sub-total	Total equity
1 January 2023	24,611,822,920	-	2,508,926,200	-	(120,164,957)	18,068,605,453	45,069,189,616	7,952,771,882	68,155,432	9,708,509	2,940,029,676	10,970,665,499	56,039,855,115
Profit for the year	-	-	-	-	-	1,577,326,494	1,577,326,494	-	-	-	120,406,499	120,406,499	1,697,732,993
Other comprehensive income / (loss) for the year	-	-	-	-	(165,278,993)	(15,126,867)	(180,405,860)	-	-	(21,572,537)	(1,208,735)	(22,781,272)	(203,187,132)
Total comprehensive (loss)/income for the year	-	-	-	-	(165,278,993)	1,562,199,627	1,396,920,634	-	-	(21,572,537)	119,197,764	97,625,227	1,494,545,861
Transaction with non-controlling interest (Note 40.2, 33)	-	-	-	-	28,469,134	(8,889,716)	19,579,418	-	-	-	(19,579,418)	(19,579,418)	-
Revaluation loss on put option for non-controlling interest (Note 40.2)	-	-	-	-	(7,708,834)	-	(7,708,834)	-	-	-	-	-	(7,708,834)
Dividend attributable to non-controlling shareholder	-	-	-	-	-	-	-	-	-	-	(656,742,190)	(656,742,190)	(656,742,190)
Purchase of shares under employees' share-based payment plan (Note 33)	-	-	-	(74,071,947)	-	-	(74,071,947)	-	-	-	-	-	(74,071,947)
Charge for the employees' share-based payment plan which will be equity settled (Note 33)	-	-	-	-	19,387,129	-	19,387,129	-	-	-	-	-	19,387,129
Issuance of bonus shares (Note 30)	12,305,911,460	-	(2,508,926,200)	-	-	(9,796,985,260)	-	-	-	-	-	-	-
Transfer to statutory reserve (Note 32)	-	-	157,732,649	-	-	(157,732,649)	-	-	-	-	-	-	-
31 December 2023	**36,917,734,380**		**157,732,649**	**(74,071,947)**	**(245,296,521)**	**9,667,197,455**	**46,423,296,016**	**7,952,771,882**	**68,155,432**	**(11,864,028)**	**2,382,905,832**	**10,391,969,118**	**56,815,265,134**

* These payments, to ultimately increase share capital of the applicable subsidiaries over a period of time, are treated as part of the total equity of these subsidiaries. No shares have been issued as yet, and the Commercial Registration certificate has not yet been amended, but it will be once these payments have been converted to share capital.

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SAUDI ARABIAN MINING COMPANY (MA'ADEN) (A Saudi Arabian joint stock company)

Consolidated statement of cash flows

for the year ended 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year ended 31 December 2023	2022
Operating activities			
Profit before zakat, income tax and severance fees		2,591,987,443	13,017,594,457
Adjustments for non-cash flow items:			
Adjustments for exchange differences on translation		20,087,969	(51,330,855)
Property, plant and equipment written-off	17	7,777,037	38,991,327
Mine properties written-off	16	-	297,654
Impairment of mine properties	16	-	88,679,111
Impairment of right-of-use assets	18	-	1,647,358
Income from time deposits	12	(848,251,746)	(278,097,217)
Finance cost	13	2,347,449,504	1,514,655,530
Adjustment to mine properties	16	-	2,668,749
Depreciation of mine properties	16.1	708,657,383	776,921,576
Adjustment to property, plant and equipment and capital work-in-progress	17,19	-	(2,908,920)
Adjustment to intangible assets	20	585,803	-
Loss on derecognition of property, plant and equipment	17,14	3,796,019	695,681
Depreciation of property, plant and equipment	17.1	4,021,821,781	3,752,488,134
Amortization of deferred income	14	(10,599,836)	-
Income earned from insurance claim	14,17	-	(194,481,832)
Adjustment to right-of-use assets and corresponding lease liabilities	18,37	-	(9,351,773)
Depreciation of right-of-use assets	18.1	385,182,758	428,400,379
Amortization of intangible assets	20.1	49,148,355	55,067,606
Share in net profit of joint ventures	21	(319,358,683)	(552,636,088)
Charge for employees' share-based payment plan which will be equity-settled	33	19,387,129	-
Obsolete spare parts written-off	26.1	10,959,068	-
(Reversal of) / allowance for inventory obsolescence, net	26.1	(18,905,633)	7,589,380
Expected credit loss allowance / (reversal)	27,28	16,175,246	(235,710)
Loss / (gain) on adjustment to provision for decommissioning, site rehabilitation and dismantling obligations	14	23,164,582	(16,486,428)
Current and past service cost of employees' termination benefits	39.1	103,621,355	80,247,791
Contribution for the employees' savings plan	39.2	75,571,032	131,522,578
Provision for severance fees	8	63,306,892	113,665,444
Changes in working capital:			
Advances and prepayments	24,25	(4,870,764)	(161,517,159)
Inventories	24,26	(308,715,744)	(57,214,472)
Trade and other receivables	24,27	1,361,041,304	(1,909,645,335)
Projects and other payables – Trade	40	241,549,673	1,029,992,500
Accrued expenses – Trade	41	501,989,745	566,817,176
Derivative interest received / (paid)	38	98,615,142	(95,201,261)
Employees' termination benefits paid	39.1	(45,675,093)	(47,037,449)
Employees' savings plan withdrawal	39.2	(48,091,702)	(100,220,489)
Zakat paid	42.2	(509,661,340)	(264,361,858)
Income tax paid	42.4	(153,385,671)	(170,464,873)
Severance fees paid	43	(386,767,244)	(347,524,303)
Finance cost paid		(2,468,356,628)	(1,413,399,004)
Net cash generated from operating activities		**7,529,235,136**	**15,935,827,405**

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SAUDI ARABIAN MINING COMPANY (MA'ADEN) (A Saudi Arabian joint stock company)

Consolidated statement of cash flows

for the year ended 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

Continued

	Notes	Year ended 31 December 2023	2022
Investing activities			
Income received from time deposits		826,665,795	198,167,622
Additions to mine properties	16	(987,737,202)	(714,911,686)
Proceeds from derecognition of property, plant and equipment	17	5,105,085	11,992,497
Additions to property, plant and equipment	17	(472,456,062)	(271,194,054)
Additions to capital work-in-progress	19	(2,303,798,283)	(1,525,954,655)
Additions to intangible assets	20	(343,886)	(19,853,074)
Investment in joint ventures	21	(99,959,059)	-
Dividend received from a joint venture	21	348,750,000	466,875,000
Investment in equity securities at fair value through other comprehensive income	23	(553,394,897)	-
Investment in debt securities	23	-	965,000
Decrease / (increase) in time deposits	28	5,021,861,199	(8,986,250,000)
Increase in restricted cash	29	(26,809,944)	(31,302,090)
Projects and other payables – Projects	40	70,693,443	(123,058,449)
Accrued expenses – Projects	41	16,555,570	(287,617,707)
Net cash generated from / (utilized in) investing activities		**1,845,131,759**	**(11,282,141,596)**
Financing activities			
Transaction cost paid	35	-	(65,256,000)
Proceeds from long-term borrowings received	35	1,532,561,989	995,480,857
Repayment of long-term borrowings	35	(5,606,649,644)	(6,791,167,988)
Principal element of lease payments	37	(369,189,743)	(396,631,865)
Purchase of shares under employees' share-based payment plan	33	(74,071,947)	-
Dividend paid to non-controlling interest	34.4	(656,742,190)	(225,000,000)
Transaction with non-controlling interest	40.2	(28,469,134)	-
Net cash utilized in financing activities		**(5,202,560,669)**	**(6,482,574,996)**
Net change in cash and cash equivalents		**4,171,806,226**	**(1,828,889,187)**
Unrestricted cash and cash equivalents at the beginning of the year	29	6,129,074,231	7,957,963,418
Unrestricted cash and cash equivalents at the end of the year	29	**10,300,880,457**	**6,129,074,231**
Non-cash flow transactions			
Transfer to mine properties from capital work-in-progress	16,19	34,939,304	87,173,321
Adjustment to mine properties and corresponding provision for decommissioning, site rehabilitation and dismantling obligation	16,36	682,025,289	(100,710,081)
Adjustment to property, plant and equipment and corresponding provision for decommissioning, site rehabilitation and dismantling obligation	17,36	1,154,954,535	-
Transfer to property, plant and equipment from capital work-in-progress	17,19	1,464,721,594	5,415,638,380
Addition to right-of-use assets and corresponding lease liabilities	18,37	262,140,124	949,687,687
Borrowing cost capitalized as part of capital work-in-progress	19,13.1	39,883,319	90,962,242
Borrowing cost capitalized as part of mine under construction	16, 13.1	267,691,095	106,081,172
Amortization of transaction cost capitalized as part of mine under construction	19,35.12	12,096,352	14,118,436
Transfer to intangible assets from capital work-in-progress	20,19	49,591,496	101,150,105
Investment in joint venture (in-kind) adjusted against deferred income	21	247,500,000	-
Deferred income adjusted against investment in joint venture	21	(10,599,840)	-
Revaluation loss on put option for non-controlling interest	40.2	(7,708,834)	(12,006,968)

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SAUDI ARABIAN MINING COMPANY (MA'ADEN) (A Saudi Arabian joint stock company)

Notes to the consolidated financial statements

for the year ended 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

1 General information

Saudi Arabian Mining Company ("Ma'aden") (the "Company") was formed as a Saudi Arabian joint stock company, following the Council of Ministers Resolution No. 179 dated 8 Dhu Al. Qa'dah 1417H (corresponding to 17 March 1997) and incorporated in the Kingdom of Saudi Arabia pursuant to the Royal Decree No. M/17 dated 14 Zul Qaida 1417H (corresponding to 23 March 1997) with Commercial Registration No. 1010164391, dated 10 Zul Qaida 1421H (corresponding to 4 February 2001). The Company has an authorized and issued share capital of Saudi Riyals ("SAR") 36,917,734,380 divided into 3,691,773,438 with a nominal value of SAR 10 per share (Note 30).

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

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

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

2 Group structure

The Company has the following subsidiaries and joint ventures:

		Effective ownership	
Subsidiaries incorporated in the Kingdom of Saudi Arabia	**Type of company**	**31 December 2023**	**31 December 2022**
Ma'aden Gold and Base Metals Holding Company ("MGBMH")	Limited liability company	**100%**	-
Ma'aden Gold and Base Metals Company ("MGBM")	Limited liability company	**100%**	100%
Ma'aden Infrastructure Company ("MIC")	Limited liability company	**100%**	100%
Industrial Minerals Company ("IMC")	Limited liability company	**100%**	100%
Ma'aden Integrated Fertilizer Holding Company ("MIFHC")	Limited liability company	**100%**	-
Ma'aden Fertilizer Company ("MFC")	Limited liability company	**100%**	100%
Ma'aden Marketing and Distribution Company ("MMDC")	Limited liability company	**100%**	100%
Ma'aden Strategic Minerals Mining Company ("MSMM")	Limited liability company	**100%**	-
Ma'aden Integrated Aluminium Holding Company ("MIAHC")	Limited liability company	**100%**	-
Ma'aden Rolling Company ("MRC")	Limited liability company	**100%**	100%
Ma'aden Aluminium Company ("MAC")	Limited liability company	**74.9%**	74.9%
Ma'aden Bauxite and Alumina Company ("MBAC")	Limited liability company	**74.9%**	74.9%
Ma'aden Phosphate Company ("MPC")	Limited liability company	**70%**	70%
Ma'aden Wa'ad Al-Shamal Phosphate Company ("MWSPC")	Limited liability company	**60%**	60%

SAUDI ARABIAN MINING COMPANY (MA'ADEN) (A Saudi Arabian joint stock company)

Notes to the consolidated financial statements

for the year ended 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

		Effective ownership	
Joint ventures incorporated in the Kingdom of Saudi Arabia	**Type of company**	**31 December 2023**	**31 December 2022**
Ma'aden Barrick Copper Company ("MBCC")	Limited liability company	**50%**	50%
Ma'aden Barrick 2 Limited ("MBC2")	Limited liability company	**50%**	-
Ma'aden Barrick 3 Limited ("MBC3")	Limited liability company	**50%**	-
Manara Minerals Investment Company ("Manara")	Limited liability company	**51%**	-
Ma'aden Ivanhoe Electric Exploration and Development Limited Company ("Ma'aden IE Electric")	Limited liability company	**50%**	-
Sahara and Ma'aden Petrochemicals Company ("SAMAPCO")	Limited liability company	**50%**	50%
Subsidiaries incorporated outside the Kingdom of Saudi Arabia			
Ma'aden Supply UK Limited ("MSUK") – Incorporated in the United Kingdom	Limited liability company	**100%**	100%
Ma'aden RE Limited ("MRL") – Incorporated in Dubai, United Arab Emirates	Limited liability company	**100%**	100%
MMDC has the following subsidiaries in which Ma'aden has an indirect ownership:			
Ma'aden Marketing Services India Private Limited ("MMSIL") – Incorporated in India	Limited liability company	**100%**	100%
Ma'aden Marketing Services Africa (PTY) LTD ("MMSAL") – Incorporated in South Africa	Limited liability company	**100%**	100%
Incorporated in Mauritius:			
Meridian Consolidated Investments Limited ("MCIL") – Incorporated in Mauritius	Limited liability company	**96.25%**	92.5%
MCIL has the following subsidiaries in which Ma'aden has an indirect ownership:			
Agroserve S.A.	Limited liability company	**96.25%**	92.5%
MCFI (Africa) Ltd	Limited liability company	**96.25%**	92.5%
Meridian Commodities Limited	Limited liability company	**96.25%**	92.5%
Meridian Group Services Limited	Limited liability company	**96.25%**	92.5%
V & M Grain Mauritius Limited	Limited liability company	**96.25%**	92.5%
Meridian CRV Limited	Public company limited	**96.25%**	92.5%
Incorporated in Malawi:			
Farmers World Holdings Limited	Limited liability company	**96.25%**	92.5%
Agora Limited	Limited liability company	**96.25%**	92.5%
Farmers World Limited	Limited liability company	**96.25%**	92.5%
Grain Securities Limited	Limited liability company	**96.25%**	92.5%
Liwonde Property Investment Limited	Limited liability company	**48.13%**	46.25%
Malawi Fertilizer Company Limited	Limited liability company	**96.25%**	92.5%
Optichem (2000) Limited	Limited liability company	**96.25%**	92.5%

SAUDI ARABIAN MINING COMPANY (MA'ADEN) (A Saudi Arabian joint stock company)

Notes to the consolidated financial statements

for the year ended 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

2 Group structure (continued)

Subsidiaries incorporated outside the Kingdom of Saudi Arabia (continued)	Type of company	Effective ownership 31 December 2023	Effective ownership 31 December 2022
Incorporated in Mozambique:			
Mozambique Fertilizer Company Limited	Limited liability company	**96.25%**	92.5%
Transalt Limitada	Limited liability company	**96.25%**	92.5%
Transcargo Limitada	Limited liability company	**96.25%**	92.5%
MozGrain Limitada	Limited liability company	**96.25%**	92.5%
Incorporated in Seychelles:			
African Investment Group Limited	Limited liability company	**96.25%**	92.5%
Incorporated in South Africa:			
MG Administration Services Proprietary Limited	Limited liability company	**96.25%**	92.5%
Incorporated in Zambia:			
Fert, Seed and Grain Limited	Limited liability company	**96.25%**	92.5%
Incorporated in Zimbabwe:			
Ferts, Seed and Grain (Private) Limited	Limited liability company	**96.25%**	92.5%

The financial year end of all the subsidiaries and joint ventures coincide with that of the parent company ("Ma'aden") except MMSIL for which financial year end is 31st March. The financial year end of MCIL was 31st March which was amended during the year to coincide with that of the parent company.

2.1 MGBM

The company was incorporated on 9 August 1989 in the Kingdom of Saudi Arabia, which is also its principal place of business.

The objectives of the company are:

- the exploration and mining of gold and associated minerals within their existing mining lease areas by way of drilling, mining and concentrating and
- construct, operate and maintain all mines, buildings, highways, pipelines, refineries, treatment plants, communication systems, power plants and other facilities necessary or suitable for the purposes of the leases.

2.2 MIC

The company was incorporated on 18 August 2008 in the Kingdom of Saudi Arabia, which is also its principal place of business.

The objectives of the company are to:

- manage the infrastructure projects to develop, construct and operate the infrastructure and
- provide services to Ras Al-Khair area and other mining and industrial locations in the Kingdom of Saudi Arabia.

2.3 IMC

The company was incorporated on 31 March 2009 in the Kingdom of Saudi Arabia, which is also its principal place of business.

The objectives of the company are:

- the exploitation of industrial minerals within the existing mining lease areas by way of drilling, mining, concentrating, smelting and refining and
- extract, refine, export and sell such minerals in their original or refined form.

SAUDI ARABIAN MINING COMPANY (MA'ADEN) (A Saudi Arabian joint stock company)

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for the year ended 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

The company currently operates a kaolin and low grade bauxite mine in the central zone of Az Zabirah and a high grade magnesite mine at Al-Ghazallah and the processing plants at Al-Madinah Al-Munawarah.

2.4 MFC

The company was incorporated on 12 February 2019 in the Kingdom of Saudi Arabia, which is also its principal place of business.

The objectives of the company are:

- production of fertilizers, including phosphate and natural potassium minerals,
- mine minerals containing nitrogen and potassium,
- manufacture phosphate fertilizers, potassium fertilizers, Urea and phosphate and potassium and
- produce nitric acid, ammonia and potassium nitrate.

2.5 MMDC

The company was incorporated on 13 February 2019 in the Kingdom of Saudi Arabia, which is also its principal place of business.

The objectives of the company are:

- to be a vehicle for Ma'aden to build a fertilizer distribution business in the most important global fertilizer markets.

MMDC has following subsidiaries in which Ma'aden has an indirect ownership:

- **MMSIL**

The company was incorporated on 10 October 2019 in India, which is also its principal place of business. The objective of the company is marketing, promoting, advertising, consulting in gold and base metals, phosphate, aluminium and industrial minerals and other similar nature of products.

- **MMSAL**

The company was incorporated on 29 November 2019 in South Africa, which is also its principal place of business. The objective of the company is to provide marketing services.

- **MCIL**

On 18 April 2019 MMDC signed an agreement to acquire 85% of MCIL (Meridian Group or Meridian), a leading fertilizer distribution company operating in East and Southern Africa. Meridian already sells close to half a million tonnes of fertilizer every year through its network of facilities including fertilizer granulation and blending plants, warehouses and port facilities across Malawi, Zimbabwe, Zambia and Mozambique.

In accordance with the shareholders' agreement between Ma'aden and Meridian, up to 31 December 2023, Ma'aden acquired additional cumulative 11.25% of Meridian which resulted in its percentage of holding to 96.25%. Subsequent to the year-end, on 11 January 2024, the Group has completed its remaining acquisition of 3.75% from the non-controlling equity holder of Merdian which has resulted Ma'aden to be 100% equity holder of Meridian. (Note 40)

SAUDI ARABIAN MINING COMPANY (MA'ADEN) (A Saudi Arabian joint stock company)

Notes to the consolidated financial statements

for the year ended 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

2 Group structure (continued)

2.6 MRC

The company was incorporated on 10 October 2010 in the Kingdom of Saudi Arabia, which is also its principal place of business.

The objectives of the company are the production of:

- can body sheets,
- can ends stock and
- automotive heat treated and non-heat treated sheets.

The company declared commercial production for the flat rolled products on 9 December 2018, however, the automotive sheet project commenced commercial production on 1 September 2019.

2.7 MAC

The company was incorporated on 10 October 2010 in the Kingdom of Saudi Arabia, which is also its principal place of business and is owned:

- 74.9% by Ma'aden and
- 25.1% by Alcoa Saudi Smelting Inversiones S.L. ("ASSI"), a foreign shareholder, a company wholly owned by Alcoa Corporation, which is accounted for as a non-controlling interest in these consolidated financial statements (Note 34.1).

The objectives of the company are the production of primary aluminium products:

- Ingots,
- T shape ingots,
- slabs and
- billets.

2.8 MBAC

The company was incorporated on 22 January 2011 in the Kingdom of Saudi Arabia, which is also its principal place of business and is owned:

- 74.9% by Ma'aden and
- 25.1% by AWA Saudi Limited ("AWA"), a foreign shareholder, which is owned 60% by Alcoa Corporation and 40% by Alumina Limited, an unrelated third party, which is accounted for as a non-controlling interest in these consolidated financial statements (Note 34.1).

The objectives of the company are to:

- exploit the Al-Ba'itha bauxite deposits,
- produce and refine bauxite and
- produce alumina.

2.9 MPC

The company was incorporated on 1 January 2008 in the Kingdom of Saudi Arabia, which is also its principal place of business and is owned:

- 70% by Ma'aden and
- 30% by Saudi Basic Industries Corporation ("SABIC"), which is accounted for as a non-controlling interest in these consolidated financial statements (Note 34.1).

SAUDI ARABIAN MINING COMPANY (MA'ADEN) (A Saudi Arabian joint stock company)
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The objectives of the company are to:

- exploit the Al-Jalamid phosphate deposits,
- utilize local natural gas and sulphur resources to manufacture phosphate fertilizers at the processing facilities at Ras Al-Khair and
- produce ammonia as a raw material feed stock for the production of fertilizer with the excess ammonia exported or sold domestically.

2.10 MWSPC

The company was incorporated on 27 January 2014 in the Kingdom of Saudi Arabia, which is also its principal place of business and is owned:

- 60% by Ma'aden,
- 25% by Mosaic Phosphate B.V., a foreign shareholder, a limited liability company registered in Netherlands wholly owned by The Mosaic Company ("Mosaic"), which is accounted for as a non-controlling interest in these consolidated financial statements (Note 34.1) and
- 15% by SABIC, which is accounted for as a non-controlling interest in these consolidated financial statements (Note 34.1).

The objectives of the Company are the production of:

- di-ammonium and mono-ammonium phosphate fertilizer,
- ammonia,
- purified phosphoric acid,
- phosphoric acid,
- sulphuric acid and
- sulphate of potash

2.11 MSMM

The company was incorporated on 17 April 2023 in the Kingdom of Saudi Arabia, which is also its principal place of business.

The objective of the company is to do mining, quarrying, professional, scientific, technical, engineering architectural and related activities.

2.12 MGBHM

Ma'aden established a holding company named MGBMH with an authorized share capital of SAR 0.1 million. MGBMH is a limited liability company incorporated on 19 September 2023 in the Kingdom of Saudi Arabia, which is also its principal place of business.

2.13 MIFHC

Ma'aden established a holding company named MGBMH with an authorized share capital of SAR 0.1 million. MIFHC is a limited liability company incorporated on 17 September 2023 in the Kingdom of Saudi Arabia, which is also its principal place of business.

2.14 MIAHC

Ma'aden established a holding company named MGBMH with an authorized share capital of SAR 0.1 million. MIAHC is a limited liability company incorporated on 17 September 2023 in the Kingdom of Saudi Arabia, which is also its principal place of business.

2.15 MBCC

The company was incorporated on 2 November 2014 in the Kingdom of Saudi Arabia, which is also its principal place of business and is owned:

- 50% by Ma'aden (Note 21) and
- 50% by Barrick Middle East (Pty) Limited ("Barrick"), a foreign shareholder.

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2 Group structure (continued)

2.15 MBCC (continued)

MBCC is a joint venture project and is accounted for as an investment in a joint venture under the equity method of accounting in these consolidated financial statements.

The objectives of the company is to engage in the production of copper concentrate and associated minerals within their existing mining lease area by way of drilling, mining and concentrating.

2.16 MBC2

The company was incorporated on 18 February 2023 in the Kingdom of Saudi Arabia, which is also its principal place of business and is owned:

- 50% by Ma'aden (Note 21) and
- 50% by Barrick Gold (T7) Limited, a foreign shareholder, an affiliate of Barrick Gold (Holding) Limited.

MBC2 is a joint venture project and is accounted for as an investment in a joint venture under the equity method of accounting in these consolidated financial statements.

The objective of MBC2 is to expedite the exploration of resources in line with the business strategy in Umm Ad Damar.

2.17 MBC3

The company was incorporated on 22 June 2023 in the Kingdom of Saudi Arabia, which is also its principal place of business and is owned:

- 50% by Ma'aden (Note 21) and
- 50% by Barrick Gold (Singapore) Pte Limited, a foreign shareholder, an affiliate of Barrick Gold Corporation.

MBC3 is a joint venture project and is accounted for as an investment in a joint venture under the equity method of accounting in these consolidated financial statements.

The objective of MBC3 is to expedite the exploration of resources in line with the business strategy in Jabal Sayid south.

2.18 SAMAPCO

The company was incorporated on 14 August 2011 in the Kingdom of Saudi Arabia, which is also its principal place of business and is owned:

- 50% by Ma'aden (Note 21); and
- 50% by Sahara Petrochemical Company.

SAMAPCO is a joint venture project and is accounted for as an investment in a joint venture under the equity method of accounting in these consolidated financial statements.

The objectives of the company are the production of:

- Concentrated Caustic Soda ("CCS"),
- Chlorine and
- Ethylene Dichloride ("EDC").

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The operations of the company include the production and supply of:

- CCS feedstock to the alumina refinery at MBAC and to sell any excess production not taken up by Ma'aden in the wholesale and retail market and
- EDC in the wholesale and retail market.

2.19 Manara

The company was incorporated on 6 June 2023 in the Kingdom of Saudi Arabia, which is also its principal place of business and is owned:

- 51% by Ma'aden (Note 21); and
- 49% by Public Investment Fund ("PIF").

Manara is a joint venture project and is accounted for as an investment in a joint venture under the equity method of accounting in these consolidated financial statements.

The objectives of the company is to invest in mining assets internationally to secure strategic minerals.

2.20 Ma'aden IE Electric

The company was incorporated on 22 June 2023 in the Kingdom of Saudi Arabia, which is also its principal place of business and is owned:

- 50% by Ma'aden (Note 21); and
- 50% by Ivanhoe Electric Mena Holding Limited, a foreign shareholder, an affiliate of Ivanhoe Electric Inc. (IE).

Ma'aden IE Electric is a joint venture project and is accounted for as an investment in a joint venture under the equity method of accounting in these consolidated financial statements.

The objective of Ma'aden IE Electric is to explore and develop mining project in the Kingdom of Saudi Arabia.

2.21 MRL

The company was incorporated on 18 November 2021 in Dubai, United Arab Emirates, which is also its principal place of business and is owned 100% by Ma'aden. The objectives of the company is to engage in captive insurance services.

2.22 MSUK

The company was incorporated on 11 May 2017 in London, United Kingdom, which is also its principal place of business and is owned 100% by Ma'aden. The objective of the company is to support the supply of aluminium products. As of 31 December 2023, the company has not started its operations.

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3 Basis of preparation

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") 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").

The consolidated financial statements have been prepared on the historical cost basis except where IFRS, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, requires another measurement basis as disclosed in the applicable accounting policies in Note 4 – Summary of material accounting policies.

These consolidated financial statements are presented in SAR which is the reporting currency of the Group.

New standards, amendments to standards and interpretations not yet adopted

Certain new amendments to standards have been published by the International Accounting Standards Board ("IASB"), endorsed in the Kingdom of Saudi Arabia by SOCPA, that are not mandatory for 31 December 2023 reporting period and have not been early adopted by the Group. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

New and amended standards adopted by the Group

The Group has adopted the following standards and amendments, that are endorsed in the Kingdom of Saudi Arabia, effective from 1 January 2023:

IFRS 17 "Insurance Contracts": In May 2017, the IASB issued IFRS 17, Insurance Contracts, which introduces a new comprehensive accounting model for insurance contracts, and sets out the principles for the recognition, measurement, presentation, and disclosure for the issuers of those contracts. The new standard replaces IFRS 4, Insurance Contracts, that was issued in 2005, and allowed insurers to use a range of different accounting treatments for insurance contracts. There is no material impact on the Group's consolidated financial statements from the adoption of IFRS 17.

Amendments to IAS 1, IFRS practice statement 2 and IAS 8: The amendments issued require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy' and explain how to identify when accounting policy information is material.

There are no other amendments or interpretations that are effective from 1 January 2023 that have a material effect on the Group's consolidated financial statements.

4 Summary of material accounting policies

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

4.1 Basis of consolidation and equity accounting

Subsidiaries

The consolidated financial statements of the Group incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities controlled by the Group. Controls exists when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has all of the following three elements:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee),
- exposure, or rights, to variable returns from its involvement with the investee and
- the ability to use its power over the investee to affect its returns.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intra-group investments, transactions, balances and unrealized gains or losses on transactions between group companies are eliminated. The accounting policies of the subsidiaries are consistent with those adopted by the Group.

Non-controlling interests in the results and equity of not wholly owned subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position, respectively.

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group.The Group measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in the consolidated statement of profit or loss.

Non-controlling interest is measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. If the business combination is achieved in stages, the carrying value of the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in the consolidated statement of profit or loss and other comprehensive income. Accounting policies of subsidiaries are aligned, where necessary, to ensure consistency with the policies adopted by the Group.

Transaction costs that the Company incurs in connection with a business combination are expensed as incurred.

Non-controlling interest put option

Written put options in respect of which the Group does not have an unconditional right to avoid the delivery of cash, are recognized as financial liabilities. Under this method, the non-controlling interest is not derecognized when the financial liability in respect of the put option is recognized, as the non-controlling interest still has present access to the economic benefits associated with the underlying ownership interest. Non-controlling interest put options are initially recognized at the present value of redemption amount and reduction to controlling interest equity. All subsequent changes in liability are recognized within controlling interest equity.

Joint ventures

Under IFRS 11, Joint Arrangements, an arrangement in which two or more parties have joint control is a joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint arrangements are classified as either joint operations or joint ventures. A joint venture exists where the Group has a contractual arrangement (rights and obligations) in place, with one or more parties, to undertake activities typically, however not necessarily, through a legal entity that is subject to joint control.

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4 Summary of material accounting policies (continued)

4.1 Basis of consolidation and equity accounting (continued)

Interests in joint ventures are accounted for using the equity method of accounting. The investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of:

- the post-acquisition profits or losses of the investee in the consolidated statement of profit or loss and
- the post-acquisition other comprehensive income of the investee in the consolidated statement of other comprehensive income.

The Group's share of the results of joint ventures is based on the financial statements prepared up to consolidated statement of financial position date, adjusted to conform with the accounting policies of the Group, if any.

Dividends received or receivable from joint ventures are recognized as a reduction in the carrying amount of the investment when the right to receive a dividend is established.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise any further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees are consistent with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 4.11.

4.2 Foreign currency translation

Foreign currency transactions are translated into SAR at the rate of exchange prevailing at the date the transaction first qualifies for recognition and are initially recorded by each entity in the Group.

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

The financial statements of the Group's subsidiary functioning in a hyperinflationary economy are restated in terms of the measuring unit current at the end of the reporting period. The restatements are based on a conversion factor derived from the general price index issued by the regulatory authorities of the country in which such subsidiary is functioning.

As the presentation currency of the Group is that of a non-hyperinflationary economy, therefore, the adjustments resulting from restating non-monetary items of the subsidiary operating in hyperinflationary environment and then by translating those balances using the general price index as at the end of the current reporting period, is recognized in the other comprehensive income as a foreign currency translation adjustment of the current period.

4.3 Revenue recognition

Revenue comprises of sales to third parties and is measured based on the considerations specified in contracts with customers and excludes rebates and amounts, if any, collected on behalf of third parties. Revenue is recognized, when (or as) the Group satisfies the performance obligations as specified in the contract with the customer (buyer), when the seller has transferred to the customer (buyer) control over the promised goods and services, either:

- at a point in time or
- over a time basis equivalent to the stage of completion of the service.

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The Group recognizes revenue from the following main sources:

a) Sale of the following goods directly to the customers:
- Phosphate fertilizer, ammonia and industrial minerals
- Alumina, primary aluminium products and flat rolled products
- Gold bullion (including by-products like copper, zinc and silver concentrate)

b) Rendering of the transportation and management services directly to the customers.

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

Sales of phosphate fertilizer, ammonia and industrial minerals

The Group, as principal, sells phosphate fertilizer, ammonia and industrial minerals products directly to customers and also through two marketing agents SABIC and The Mosaic Company, acting as agents, for the sale of phosphate fertilizer and ammonia.

The Group sells a significant proportion of its goods on Cost and freight ocean transport ("CFR") International Commercial terms ("Incoterms") and therefore, the Group is responsible for providing shipping services after the date at which control over the promised goods have passed to the customer at the loading port. The Group 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 promised goods to the customer and recognizing the related revenue at a point in time basis and
- shipping services for the delivery of the promised 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 services.

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

Ma'aden has full discretion over the price to sell the goods. The selling price includes revenue generated from the sale of goods and transportation services depending on the Incoterms contained in the contract with the customer. The selling price is therefore unbundled or disaggregated into these two performance obligations, being:

- the sale of the promised goods and
- the transportation thereof and it is being disclosed separately.

The Group recognizes a trade receivable for the sale and delivery of the promised 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 disaggregation between separate performance obligations is done based on the standalone selling price.

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

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4 Summary of material accounting policies (continued)

4.3 Revenue recognition (continued)

Sale of alumina, primary aluminium products and flat rolled products

The Group, as principal, sells alumina, primary aluminium products and flat rolled products directly to customers and in accordance with the contract, the promised goods are provisionally priced. The sales price is not settled until a predetermined future date and is based on the market price at a time or over a pre-defined period of time. Revenue on these sales is initially recognized (when all the above criteria are met), at a provisional price based on the pricing mechanism as specified in the contract. Provisionally priced sales are marked-to-market at each reporting date using the forward price for the period equivalent to that outlined in the contract and in the carrying amount of the outstanding trade receivable.

Sale of gold bullion and concentrates

The Group, as principal, sells gold bullion and by-products like copper, zinc and silver concentrate directly to customers under contract, which vary in tenure and pricing mechanisms. The Group's primary product is gold and the concentrates produced as part of the extraction process are considered to be by-products arising from the production of gold. Revenue from by-product sales are insignificant and are credited to production cost applicable to gold bullion sales as a by-product credit.

- **Gold bullion sales**

The Group primarily sells gold bullion in the spot market. The selling price is fixed on the date of sale based on the gold spot price and the revenue and related trade receivable is recognized, at a point in time basis, when the gold bullion is delivered to the airport, which is also the date, the place and the time that the control over the gold bullion is transferred to the customer.

Sales revenue is commonly subject to a quantity adjustment based on a fire assay of the gold bullion upon arrival at the refinery of the customer.

The sales revenue of a bullion bar is based on provisionally invoiced quantities. The Group uses the "expected value method" to recognize revenue on provisionally invoiced quantities. The revenue recognized is based on probability of gold content and includes a range of possible consideration amounts.

- **Metal concentrate sales**

Revenue from the sale of metal concentrates (copper, zinc and silver) is based on selling prices that are provisionally set, for a specified future date after shipment, based on ruling market prices. Sales revenue and the related trade receivable is recognized, at a point in time basis, at the time of shipment, which is also the date that the control transfers to the customer.

The final selling price on such concentrates is settled within a predetermined future date and is based on the ruling market price at that time or over a quotation period stipulated in the contract. Revenue for provisionally priced metal concentrates is initially recognized at the current market price. However, subsequently at each reporting date, such provisionally priced sales are marked-to-market using the relevant forward market prices for the period stipulated in the contract. This marked-to-market adjustment is directly recognized in sales and in the carrying amount of the outstanding trade receivable.

Contract liabilities

A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Income from time deposits

Investment income on time deposits is accrued on a time basis, by reference to the principal outstanding and at the applicable effective interest rate.

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4.4 Selling, marketing and logistic expenses

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

4.5 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 Group. Allocation between general and administrative expenses and cost of sales are made on a consistent basis, when required.

4.6 Earnings per share

Basic earnings per share from continuing operations is calculated by dividing:

- the profit from continuing operations attributable to ordinary shareholders of the parent company
- by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares.

Diluted earnings per share from continuing operations is calculated by dividing:

- the profit from continuing operations attributable to ordinary shareholders of the parent company
- by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of all dilutive potential ordinary shares.

4.7 Mine properties and property, plant and equipment

Mine properties and property, plant and equipment

Freehold land is carried at historical cost and is not depreciated.

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 asset 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, decommissioning and dismantling obligation and
- for qualifying assets, that take a substantial period of time to get ready for their intended use, the applicable borrowing costs.

Mine properties are depreciated using the unit 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 economically recoverable proven and probable ore reserves of the mine concerned, except in the case of those mining assets whose economic useful life is shorter than the life-of-mine ("LOM"), in which case the straight line method is applied.

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is charged to the consolidated statement of 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 economic useful life of the component.

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4 Summary of material accounting policies (continued)

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

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 method over their economic useful lives or the LOM, whichever is the shorter, unless those assets are readily transferable to another productive mine or have alternative use.

Depreciation is charged to the consolidated statement of profit or loss to allocate the costs of the related assets less their residual values over the following estimated economic useful lives:

Categories of assets	Number of years
Mine properties	Using UOP method over the economically recoverable proven and probable reserves or straight-line method over the economic useful life (as mentioned below), whichever is shorter unless assets have another productive use.
Land and buildings	4 – 50
Plant and equipment including fixed plant, heavy equipment, mobile workshop equipment, laboratory and safety equipment and computer	4 – 40
Office equipment	4 – 10
Furniture and fittings	4 – 10
Motor vehicles	4

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 Group 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. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the reporting period in which they are incurred. 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 consolidated statement of 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 period.

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 proceeds with the carrying amount and are included in the consolidated statement of profit or loss.

Exploration and evaluation assets

Exploration expenditures relate to the costs incurred in the initial search for mineral deposits with economic potential or in the process of obtaining more information about existing mineral deposits. Exploration expenditures typically include costs associated with:

- acquisition of the exploration rights to explore,
- topographical, geological, geochemical and geophysical studies,
- exploration drilling,
- trenching,
- sampling and
- activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource.

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Evaluation expenditures relates to the costs incurred to establish the technical and commercial viability of developing mineral deposits identified through exploration activities or by acquisition. Evaluation expenditures include the cost of:

- establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable reserve,
- determining the optimal methods of extraction and metallurgical and treatment processes,
- studies related to surveying, transportation and infrastructure requirements in relation to both production and shipping,
- permitting activities and
- economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility study.

All exploration and evaluation costs are expensed until prospective mineral exploration project is identified as having economic development potential. The information used to make that determination depends on the level of exploration as well as the degree of confidence in the ore body. Exploration and evaluation expenditures are capitalized as a tangible asset, if management determines that future economic benefits could be generated as a result of these expenditures.

Exploration and evaluation expenditure relating to extensions of mineral deposits which are already being mined or developed, including expenditure on the definition of mineralization of such mineral deposits, is capitalized as mine development cost following the completion of an economic evaluation equivalent to a feasibility study.

All exploration and evaluation costs incurred after management has concluded that economic benefit is more likely to be realized than not, i.e. "probable" and are capitalized as "Exploration and evaluation assets" only until the technical feasibility and commercial viability of extracting of the mineral resource are demonstrable. Once the technical feasibility and commercial viability is demonstrable, i.e. economic benefit will or will not be realized, the asset is tested for impairment and any impairment loss is recognized.

Exploration and evaluation assets are carried at historical cost less impairment in accordance with IFRS 6. Exploration and evaluation assets are not depreciated.

For the purposes of exploration and evaluation assets only, one or more of the following facts and circumstances are considered for identifying whether or not exploration and evaluation assets may be impaired. These include the following:

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed,
- substantive expenditure on further exploration and evaluation of mineral resources in the specific area is neither budgeted nor planned,
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Once it has been identified that an exploration and evaluation asset may be impaired, the entity performs impairment on exploration and evaluation assets as specified in Note 4.11. Based on the final technical scope, receipt of mining license and commercial feasibility, if the economic benefit will be realized and management intends to develop and execute the mine, the exploration and evaluation asset is transferred to "Mine under construction" which is a sub-category of "Mine properties".

After transfer of the exploration and evaluation assets, all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalized in "Mines under construction".

Once the commissioning phase is successfully completed and the declaration of commercial production stage has been reached, the capitalized "Mine under construction" is reclassified as "Operating mines".

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4 Summary of material accounting policies (continued)

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

Cash flows attributable to capitalized exploration and evaluation assets are classified as investing activities in the consolidated statement of cash flows.

Stripping activity asset and stripping activity expense

Ma'aden incurs stripping (waste removal) costs during the development and production stages of its open pit mining operations.

Stripping costs incurred during the development stage of an open pit mine in order to access the underlying ore deposit are capitalized as part of the cost of constructing the mine. Such costs are then amortized over the remaining life of the ore body (for which access has improved), using the unit of production ("UOP") method over economically recoverable proven and probable reserves. The capitalization of developing stripping costs ceases when the mine / component is commissioned and ready for use as intended by management.

Stripping activities during production stage 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.

Where the benefits are realized in the form of inventory produced in the period 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 consolidated statement of 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) as part of "Mine Properties" in the consolidated 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 accumulated depreciation and any impairment losses.

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4.8 Right-of-use assets and lease liabilities

The Group assesses whether a contract is or contains a lease, at inception of a contract. The Group recognises a right-of-use 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 Group 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 right-of-use 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 Group 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 recognized and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of the 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 right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the economic useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies **IAS 36 - Impairment of assets** to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 4.11.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognized 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 consolidated statement of 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 Group 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 receivables;
- 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 in the consolidated 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 rate method) and by reducing the carrying amount to reflect the lease payments made.

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4 Summary of material accounting policies (continued)

4.8 Right-of-use assets and lease liabilities (continued)

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

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

4.9 Capital work-in-progress

Assets in the course of construction or development are capitalized 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 cost directly attributable to the construction or acquisition of an item intended by management. Proceeds from the sale of any production during the commissioning period and related production costs (prior to its being available for use) are recognized separately in profit or loss for the period.

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

Capital work-in-progress is measured at cost less any recognized impairment.

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.

4.10 Intangible assets and goodwill

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

Internally generated intangibles, excluding capitalized development costs, are not capitalized. Instead, the related expenditure is recognized in the consolidated statement of profit or loss in the period 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 amortized 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. Amortization methods, residual values and estimated economic useful lives are reviewed at least annually. The amortization expense of intangible assets with finite lives is recognized in the consolidated statement of profit or loss within the expense category that is consistent with the function of the intangible assets. The Group amortizes intangible assets with a limited useful life using the straight-line method over the following years:

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Categories of intangible assets	Number of years
Internally developed software (ERP System)	4 - 10
Technical development	5 - 7
Software and licenses (mine related)	Over life-of-mine using straight line method

The Group 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 derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit or loss when the asset is derecognized.

Goodwill

Goodwill arising on acquisition of a business is included in intangible assets.

Goodwill arising on acquisition of a business is carried at cost as at the acquisition date. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the cash-generating units ("CGU") that are expected to benefit from the synergies of the combination and represents the lowest level at which goodwill is monitored for internal management purposes. A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on pro-rata based on the carrying amount of each asset in the CGU.

Any impairment loss is recognized immediately in the consolidated statement of profit or loss and other comprehensive income. Impairment of goodwill is not subsequently reversed.

Customer relationships and non-core contracts

Customer relationships and non-core contracts acquired in a business combination are recognized at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortization and impairment losses, where applicable.

Categories of intangible assets	Number of years
Customer relationships	10
Non-core contracts	4
Goodwill	Not amortized but tested for impairment

4.11 Impairment of mine properties, property, plant and equipment, right-of-use assets, capital work-in-progress and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its mine properties, property, plant and equipment, right-of-use assets, capital work-in-progress and intangible assets to determine whether there is any indication that those assets are impaired. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired.

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4 Summary of material accounting policies (continued)

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

Recoverable amount is the higher of fair value less costs of disposal ("FVLCD") or value-in-use ("VIU"). In assessing VIU, the estimated future cash flows are discounted to their present value using a 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 consolidated statement of 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 in determining the asset's 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 consolidated statement of profit or loss.

4.12 Inventories

Finished goods

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

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

- labor costs, materials and contractor expenses which are directly attributable to the extraction and processing of ore,
- the depreciation of mining properties, plant and equipment and right-of-use assets used in the extraction and processing of ore and the amortization of any stripping activity assets,
- variable and fixed production overheads, the latter being allocated on the basis of normal operating capacity, and
- the revenue generated from the sale of by-products is credited against production costs.

Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

By-products are valued at net realizable value, with reference to the spot price of the commodities ruling at the reporting date.

Work-in-process

The cost of work-in-process is determined using unit cost of production for the period based on the percentage of completion at the applicable stage and the estimated recoverable content. The cost of production for the period comprise of:

- 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 right-of-use assets used in the extraction and processing of ore, and the amortization of any deferred stripping assets and
- direct production overheads.

Net realizable value is the estimated selling price in the ordinary course of business using the same percentage of completion at the applicable stage, the estimated recoverable content less any selling expense.

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Ore stockpiles

Ore stockpiles represent ore that has been extracted from the mine, and considered to be of future economic benefits under current prices and is available for further processing. If the ore stockpiles is not expected to be processed in the next 12 months after the reporting date, it is included in non-current assets. Cost of ore stockpiles is determined by using the weighted average cost method. If the ore is considered not to be economically viable it 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 and net realizable value. Quantities and grades of stockpiles and work-in-process are assessed primarily through surveys and assays.

Spares and consumables

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

Net realizable value is the estimated selling price less selling expenses.

Raw materials

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

Net realizable value is the estimated selling price less selling expenses.

4.13 Trade and other receivables

Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at either amortized cost using the effective interest method less expected credit loss ("ECL") allowance, if any, or at fair value through profit and loss. See Note 4.16 for a description of the Group's impairment policies.

Trade receivables 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, if material, is recognized in the consolidated statement of profit or loss and presented within revenue.

Employees' home ownership program receivable

Certain companies of the Group have established an employees' home ownership program (HOP) that offers eligible employees the opportunity to buy housing units constructed by the company through a series of payments over a particular number of years. Ownership of the housing unit is transferred to the employee upon completion of the full payment (Note 4.20).

Under the HOP, the housing units are classified under other non-current assets as long-term employees' home ownership program receivable upon signing of the sales contract with the eligible employees. The monthly installments paid by the employee towards the housing unit are repayable back to the employee in case the employee discontinues employment to the extent of the amounts paid in addition to the monthly housing allowance and the house is returned back to the company.

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4 Summary of material accounting policies (continued)

4.14 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 a provision is recognized at an amount equal to 12 month's ECL, unless there is evidence of significant increase in credit risk of the counter party.

4.15 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, cash held at banks and time deposits with an original maturity of three months or less at the date of acquisition, which are readily convertible into 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 Group and are excluded from cash and cash equivalents for the purposes of the consolidated statement of cash flows. Restricted cash and cash equivalents are related to the employees' savings plan program, see Notes 4.20 and 29.

4.16 Financial instruments, financial assets and financial liabilities

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

Derivative financial instruments

The Group utilizes derivative financial instruments to manage certain market risk exposures. The Group 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 positions are regularly monitored and reported to senior management.

Interest rate swap contracts

The Group uses interest rate swap contracts to manage its exposure to interest rate movements on its long-term borrowings (Note 46.1.2).

In respect of financial assets, the Group'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 leases) are primarily non-interest bearing.

Forward exchange contracts

Foreign currency exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of movements in foreign currency exchange rates. The Saudi Riyal is pegged at SAR 3.75 : USD 1, therefore the Group is not exposed to any risks from USD denominated financial instruments (Note 46.1.1).

The Group's transactions are principally in SAR and US Dollars. Virtually all commodity sales contracts are with international customers and are USD priced and equally so is the bulk of the procurement and capital expenditure contracts.

The Group does not use forward exchange contracts.

Commodity contracts

The Group's earnings are exposed to movements in the prices of the commodities it produces (Note 46.1.3).

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

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Provisional price contracts

Certain of the Group'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 solely payment of principal and interest ("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, if material. Such fair value gains (losses) on provisionally priced products are presented within revenue.

Financial assets

The Group's principal financial assets include:

- investment in securities, where the Group's intention is to hold it to maturity (measured at amortized cost),
- investment in securities (measured at fair value)
- derivative financial instruments,
- trade and other receivables – excluding pre-payments and zakat / tax receivables,
- time deposits, and
- cash and cash equivalents

They are derived directly from the Group's operations.

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,
- FVTPL and
- FVOCI.

Derivatives embedded in contracts where the host is a financial asset is never bifurcated and the whole hybrid instrument is assessed for classification.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and measurement of financial assets

Financial assets are initially recognized at fair value on the trade date, including directly attributable transaction costs. A trade receivable without a significant financing component is recognized initially at its transaction price.

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

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

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4 Summary of material accounting policies (continued)

4.16 Financial instruments, financial assets and financial liabilities (continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the group's right to receive payments is established.

Impairment and uncollectibility of financial assets

At each reporting date, the Group measures the loss allowance for a financial asset (using the ECL 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 Group measures the loss allowance for the financial asset at an amount equal to lifetime 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 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 consolidated statement of profit or loss.

Derecognition of financial assets

The Group derecognizes financial assets 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 consolidated statement of profit or loss.

Financial liabilities

The Group's principal financial liabilities comprise of:

- long-term borrowings,
- lease liabilities,
- derivative financial instruments,
- Trade, projects and other payables – excluding zakat / tax liabilities and employees' end of service termination benefits obligations, and
- accrued expenses

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

Initial recognition of financial liabilities

Financial liabilities are initially recognized at the 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 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) and the redemption amount is recognized in the consolidated statement of profit or loss over the period of the long-term borrowings using the effective interest rate method.

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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 Group 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 consolidated statement of profit or loss.

Long-term borrowings are derecognized from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. In case of any modification to the financial liability, management considers both quantitative and qualitative factors in determination of modification or extinguishment of such financial liability. 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, is recognized as a gain in consolidated statement of profit or loss as other income or finance cost.

Offsetting a financial asset and a financial liability

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

4.17 Long-term borrowings

Long-term borrowings are initially recognized at their 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) and the redemption amount is recognized in the consolidated statement of profit or loss over the period of the long-term borrowings using the effective interest rate method.

Up-front fees paid on the establishment of the loan facilities are recognized as transaction costs of the loan 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 Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

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 qualifying 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 consolidated statement of profit or loss.

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4 Summary of material accounting policies (continued)

4.18 Provisions

Provisions are recognized when the Group 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
- a reliable estimate can be made of the amount of the obligation

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects time value of money, where appropriate 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 cost in the consolidated statement of profit or loss.

4.19 Provision for decommissioning, site rehabilitation and dismantling obligations

The mining, extraction and processing activities of the Group 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 structures including plant and buildings,
- removal or treatment of waste materials,
- rehabilitating mines, sites, land and tailing dams,
- restoring, reclaiming and revegetating affected areas.

The extent of the work required and the associated costs are dependent on the requirements of current laws and regulations.

The obligation generally arises when the asset is installed, or the ground environment is disturbed at the mining operations location. The full estimated future cost of mines and processing facilities is discounted to its present value and capitalized as part of "Mine under construction" or "Capital work-in-progress" and once it has been transferred to "Mine properties" or "Property, plant and equipment" it is then depreciated as an expense on the expected life of mine or at varying rates on straight line method over their economic useful lives of the assets, whichever is the shorter, unless those assets are readily transferable to another productive mine or have alternative use.

Costs included in the provision includes all decommissioning and dismantling obligations expected to occur over the life-of-mine and at the time of mine closure or plant dismantling in connection with the mining or processing 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 when the event gives rise to an obligation which is probable and capable of reliable estimation. The timing of the actual decommissioning or dismantling expenditure is dependent upon a number of factors such as:

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

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Adjustments to the estimated amount and timing of future decommissioning or dismantling 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 related asset. Factors influencing those adjustments include:

- revisions to estimated ore reserves, mineral resources and lives of mines,
- 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.

4.20 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 Group 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 Group.

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 SAR 300 per month.

This is a defined contribution plan, where the Group 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 and continue contributing 100% from year 11 onwards, which will in turn be credited to the savings accounts of the employee. The Group's portion is charged to consolidated statement of profit or loss on a monthly basis. The Group's portion will only be paid to the employee after the expiry of 10 years upon termination or resignation.

Other short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled in full, within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

Employees' home ownership program

The program has three categories:

Housing project

Certain companies within the Group have established employees' home ownership program (HOP) that offer eligible employees the opportunity to buy housing units constructed by these subsidiaries through a series of payments over a particular number of years. Ownership of the housing unit is transferred upon completion of full payment.

Under the HOP, the housing units are classified under other non-current assets as long-term employees' receivable upon signing of the sales contract with the eligible employees. The monthly installments paid by the employee towards the housing unit are repayable back to the employee in case the employee discontinues employment to the extent of the amounts paid in addition to the monthly housing allowance and the house is returned back to the Group.

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4 Summary of material accounting policies (continued)

4.20 Employees' benefits (continued)

Home loan

Certain companies within the Group 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 a security. The repayment of the loan is deducted from the employee's salary in monthly installments.

The interest cost associated with the funding of the acquisition or construction of the employee's house is borne by the Group in accordance with the approved HOP and expensed as part of finance cost.

HOP furniture loan

Certain companies within the Group provides a furniture loan to an eligible employee which is to be written-off equally over a 5-year period. In case the employee resigns, or his services is terminated for any reason before completion of the stated period, the employee will be required to pay the remaining balance of the furniture loan.

Employees' end-of-service termination benefits obligation

The liability recognized in the consolidated statement of financial position, in respect of the defined end-of-service-benefits obligation, is the present value of the employees' end-of-service termination benefits obligation at the end of the reporting period. The employees' end of service termination benefits 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 rates of high-quality corporate bonds of the United States of America are used to present value the employees' end of service termination benefits 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 employees' end-of-service termination benefits obligation. This cost is included in employee benefit expense in the consolidated statement of profit or loss.

Changes in the present value of the employees' end-of-service termination benefits obligation resulting from plan amendments or curtailments are recognized immediately in the consolidated statement of profit or loss as past service costs.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in the consolidated statement of other comprehensive income.

Share-based payments

Share-based compensation benefits are provided to certain eligible employees of the Group via Employee Stock Incentive Program ("Plan"). Information relating to the Plan is set out in Note 33.

The fair value of shares granted under the Plan is recognized as an expense (salaries and staff related benefits), with a corresponding increase in equity (Other reserves). The total amount to be expensed is determined by reference to the fair value of the shares granted:

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

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

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No expense is recognized for awards that do not ultimately vest because service conditions have not been met.

When the terms of the Plan are modified, the minimum expense recognized is the expense as if the terms had not been modified if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of the modification.

When the Plan is terminated, it is treated as if the shares vested on the date of termination, and any expense not yet recognized for the Plan is recognized immediately. This includes any award where non-vesting service conditions within the control of either the Group or the employees are not met. However, if a new plan is substituted for the terminated plan and designated as a replacement award, the terminated and new plans are treated as if they were a modification of the original plan.

4.21 Projects, 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 respective entity's incremental borrowing rate; unless they are due in less than one year.

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

4.22 Zakat, income tax, withholding tax and deferred tax

Companies with only Saudi shareholders

The Company is subject to zakat in accordance with the regulations of the Zakat, Tax and Customs Authority (the "ZATCA"). A provision for zakat for the Company and zakat related to the Company's wholly owned subsidiaries is estimated at the end of each reporting period and charged to the consolidated statement of profit or loss. Differences, if any, at the finalization of final assessments are accounted for when such amounts are determined.

Mixed companies with foreign shareholders and foreign subsidiaries

The subsidiaries with foreign shareholders are subject to zakat for their Saudi shareholders and income tax for their foreign shareholders in accordance with the regulations of the ZATCA. A provision for zakat and income tax for the mixed companies is charged to the consolidated statement of profit or loss. Differences, if any, at the finalization of final assessments are accounted for when such amounts are determined.

Zakat and income tax related to the minority shareholders in certain subsidiaries is included in their share of non-controlling interest in the consolidated statement of profit or loss.

Foreign subsidiaries are subject to income taxes in their respective countries of domicile. Such income taxes are charged to the consolidated statement of profit or loss.

The tax expense includes the current tax and deferred tax charge recognized in the consolidated statement of profit or loss.

Current tax payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated 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 Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

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4 Summary of material accounting policies (continued)

4.22 Zakat, income tax, withholding tax and deferred tax (continued)

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 the 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.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, joint arrangements and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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 consolidated 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.

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

4.23 Severance fees

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

a) 20% of hypothetical income net of proportionate zakat due to the ZATCA, and
b) specified percentage of the net value of the minerals upon extraction.

In respect of certain minerals, the minimum severance fee is payable for a small mine license based on sales is:

Minerals	Basis	Rate
Low grade bauxite	Actual metric tonnes sold	SAR 2.50 per metric tonne
Kaolin	Actual metric tonnes sold	SAR 3.25 per metric tonne
Magnesia / Dead burned magnesia / Monolithic / Raw ore magnesia	Actual metric tonnes sold	SAR 5.00 per metric tonne

The minimum severance fee payable is SAR 90,000 if the minimum mining capacity is not achieved. Provision for severance fees is accounted as follows:

a) severance fees equivalent of 20% of hypothetical income net of proportionate zakat due to ZATCA is accounted for under IAS 12 "Income Taxes", accordingly, this component of severance fees along with the deferred severance fee is presented separately in the consolidated statement of profit or loss, and

b) severance fees based on specified percentage of the net value of the minerals upon extraction is accounted for under IFRIC 21 "Levies", accordingly, is charged to cost of sales in the consolidated statement of profit or loss and is not included in the valuation of inventory.

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In mixed companies with foreign shareholders, only the Saudi shareholders are liable for paying severance fees on their share of the net profit attributable to the particular mining license. The Saudi shareholder can deduct the zakat due by them from their severance fee liability. The foreign shareholders are exempt from paying severance fees on their share of net profit attributable to the particular mining license, however, they pay income tax at a rate of 20% of taxable income attributable to foreign shareholder.

5 Critical accounting judgments, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, requires the Group's management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying accounting disclosures, and the disclosures of contingent liabilities at the reporting date of the consolidated 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 Group makes estimates and assumptions concerning the future. The accounting estimates will, by definition, seldom equal the related actual results.

5.1 Critical accounting judgments in applying accounting standards

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

- identification of CGUs
- right-of-use assets and lease liabilities
- exploration and evaluation expenditure
- stripping costs
- commercial production start date
- severance fees under the Mining Law
- Investment in securities measured at FVOCI

Identification of CGUs

The classification of assets into CGUs requires significant judgment and interpretations with respect to the integration between assets, generation of independent cash flows by the assets, the existence of active markets and external users.

Right-of-use assets and lease liabilities

Extension and termination options are included in a number of leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations.

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 Group, 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.

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5 Critical accounting judgments, estimates and assumptions (continued)

5.1 Critical accounting judgments in applying accounting standards (continued)

Exploration and evaluation expenditure

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment to determine whether future economic benefits are likely to be derived from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

In addition to applying judgment to determine whether future economic benefits are likely to arise from the Group's exploration and evaluation assets or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Group has to apply a number of estimates and assumptions.

Stripping costs

Significant judgment 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 giving access to a component of the ore body to be mined in the future, which then give rise to the creation of a stripping activity asset.

Once the Group 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 judgment 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.

Judgment 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 Group 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.

Commercial production start date

Commercial production is achieved when assets are capable of operating in the manner envisaged by the entity's management which is generally when the related assets are capable of operating continuously at a nominated percentage of 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 or a mill,
- mineral recoveries at or near expected levels,
- achievement of continuous production and
- the level of future capital expenditure still to be incurred.

Various aspects of the mining / production process (e.g. mine, mill, refinery, processing plant, etc.) needs to be considered separately when concluding on 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.

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Severance fees under the Mining Law

In accordance with the Mining Law, the Group is required to pay to the Government of Saudi Arabia severance fees representing equivalent of 20% of hypothetical income net of proportionate zakat due to ZATCA in addition to specified percentage of the net value of the minerals upon extraction. Management has applied judgment in evaluating the recognition for severance fees under IAS 12 for component of severance fees equivalent to 20% of hypothetical income net of proportionate zakat due to ZATCA.

Investment in securities measured at FVOCI

For equity investments, the Group assesses financial assets measured at fair value, whether gains and losses are recognized either in profit or loss (FVTPL) or other comprehensive income (FVOCI) through an irrevocable election at the time of initial recognition.

If an entity holds, directly or indirectly, 20% or more of the voting power of the investee, it is presumed that the entity has significant influence, unless it can be clearly demonstrated that this is not the case. Conversely, if the entity holds, directly or indirectly, less than 20% of the voting power of the investee, it is presumed that the entity does not have significant influence, unless such influence can be clearly demonstrated. The existence of significant influence by the Group is usually evidenced by several other factors including the percentage of voting power. Significant judgment is required, particularly where the Group has representation on the board of directors of the investee and has voting power of less than 20%.

For the Group's investment in Ivanhoe Electric Inc. ("IE"), the Group has less than 20% shareholding and voting rights with a representation on the board of the investee. The Group has applied judgment in assessing that it does not have significant influence over such an investee. Accordingly, such equity investment is categorized as investment at FVOCI.

5.2 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:

- impairment testing of goodwill
- impairment and the reversal of impairment of tangible assets
- economic useful lives and residual values of mine properties and property, plant and equipment
- zakat and income tax
- mineral resource and ore reserve estimates
- decommissioning, site rehabilitation and dismantling obligations
- allowances for obsolete and slow moving spare parts
- non-controlling interest put options
- contingencies.

Impairment testing of goodwill

The Group's management tests, on an annual basis, whether goodwill arising on consolidation has suffered any impairment. This requires an estimation of the recoverable amounts of the CGU to which goodwill has been allocated. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used in computation of terminal value. The key assumptions used in determining the recoverable amounts are set out in Note 20.

Impairment and the reversal of impairment of tangible assets

The Group reviews the carrying amounts of its tangible assets i.e. 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 or whether there is any indicator that an impairment loss recognized in previous years may no longer exist or may have decreased.

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5 Critical accounting judgments, estimates and assumptions (continued)

5.2 Key sources of estimation uncertainty (continued)

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

The Group's assets, classified within mine properties, are depreciated / amortized on a UOP basis over the economically recoverable proven and probable ore reserves of the mine concerned, except in the case of those mining assets whose economic useful life is shorter than the life-of-mine and has not been identified as readily transferable to another productive mine or have alternative use., in which case the straight line method is applied. When determining the life-of-mine, assumptions that were valid at the time of estimation, may change when new information becomes available.

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 Group's assets, classified within property, plant and equipment, are depreciated on a straight line basis over their economic useful lives. The economic useful lives and residual values of mine properties and property, plant and equipment are 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 Group. Also see Note 5.3.

Zakat and income tax

The Company and its wholly owned subsidiaries are subject to zakat, whereas, the subsidiaries with foreign shareholders are subject to zakat for their Saudi shareholders and income tax for their foreign shareholders in accordance with the regulations of the ZATCA.

A provision for zakat and income tax is estimated at the end of each reporting period in accordance with the regulations of the ZATCA and on a yearly basis zakat and income tax returns are submitted to the ZATCA. Differences, if any, at the finalization of final assessments are accounted for when such amounts are determined.

Mineral resource and ore reserve estimates

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

The ore reserve estimates of the Group 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. In addition, there can be no assurance that gold recoveries or other metal recoveries in small scale laboratory tests will give the same result in larger scale tests under on-site conditions or during production.

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 Group's ability to extract these mineral contents, could have a material adverse effect on the Group's business, prospects, financial condition and operating results.

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Decommissioning, site rehabilitation and dismantling obligations

The Group's mining, exploration and processing activities are subject to various environmental laws and regulations. The Group estimates environmental obligations based on management's understanding of the current legal requirements in the Kingdom of Saudi Arabia, the Group's environmental policy, terms of the license agreements and engineering estimates. Provision for decommissioning, site rehabilitation and dismantling is made as soon as the obligation arises. Actual costs incurred in future years could differ materially from the amounts provided. Additionally, future changes to environmental laws and regulations, future changes in the Group's environmental policy, usage of plant and facilities and life-of-mine estimates could affect the carrying amount of this provision. Also see Note 5.3.

Allowances for obsolete and slow moving spare parts

The Group 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 consolidated statement of financial position date to the extent that such events confirm conditions existing at the end of the year (Note 26.1).

Non-controlling interest put options

The fair value of non-controlling interest put options are recognized at the present value of redemption amount based on the discounted cash flow analysis. The Group estimates the non-controlling interest put options price at each reporting period in accordance with the formula defined in the shareholder's agreement between Ma'aden and Meridian. Further details are explained in Note 40.2 of these consolidated financial statements.

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.

5.3 Changes in accounting estimates

As part of the Group's annual assessment and taking into consideration the changes in laws and regulations and overall change in the economic environment of the Kingdom of Saudi Arabia specific to the Group's business and industry, the Group management in consultation with their external experts carried out a detailed exercise and concluded to revise the following significant accounting estimates during the year ended 31 December 2023:

a) economic useful lives and residual values of mine properties and property, plant and equipment; and
b) site rehabilitation and dismantling obligations of plants and processing facilities for its mining and non-mining properties.

Impact of change in estimate of useful lives and residual values

As a result, during the year, the Group has revised the estimate of useful life and residual value for all the components of assets related to its mine properties and property, plant and equipment. The revisions were accounted for prospectively as a change in accounting estimate and as a result the depreciation expense of the Group for the year ended 31 December 2023 decreased by SAR 184 million and carrying amounts of mine properties and property, plant and equipment has increased by SAR 41 million and SAR 143 million, respectively, as compared to what it would have been using the previous estimates of useful lives and residual values.

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5 Critical accounting judgments, estimates and assumptions (continued)

5.3 Changes in accounting estimates (continued)

Recognition of provision for site rehabilitation and dismantling of plants and processing facilities for its mining and non-mining properties

As a result of recent developments in the economic and legal environment in which the Group operates, the Group reassessed its legal obligation towards site rehabilitation and dismantling of its plants and processing facilities related to its operational mining and non-mining properties, where there was no contractual obligation based on the Group's underlying lease arrangements. This reassessment was concluded during the quarter ended 31 December 2023 and has resulted in the following impact:

i) provision of SAR 1,243 million for plant dismantling and site rehabilitation with a corresponding increase in non-current assets,
ii) increase in depreciation expense of SAR 10 million, and
iii) increase in finance cost of SAR 19 million.

6 Segmental information

Segment reporting

Operating business segments are reported in a manner consistent with the internal reporting provided to the Management Committee of the Group, considered to be the Chief Operating Decision Makers. Segment performance is evaluated based on sale of goods and services to external customers and earnings before interest, tax, depreciation and amortization ("EBITDA").

The Group has appointed a committee (the Management Committee) which assesses the financial performance and position of the Group and makes strategic decisions. The Management Committee comprises the Chief Executive Officer, Chief Financial Officer and other senior management personnel.

Up to period ended 30 June 2023, the EBITDA reported to the Management Committee excluded the "share in net profit of joint ventures that have been equity accounted" and "other income / (expenses), net". During the year, the Group has reassessed the EBITDA presentation considering the Group's growth strategy. As a consequence, the underlying EBITDA presented to the Management Committee for the year ended 31 December 2023 considered the "share in net profit of joint ventures that have been equity accounted" and "other income / (expenses), net" in the segmental reporting. To ensure comparability, the underlying EBITDA for the prior period has been presented on a similar basis (Note 6.2).

6.1 Business segment

A business segment is a component of the Group:

- that engages in business activities from which it may earn revenues and incur expenses,
- the results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment and
- for which discrete financial information is available.

Transactions between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties is measured in the same way as in the consolidated statement of profit or loss.

The accounting policies used by the Group in reporting business segments internally are the same as those contained in Note 4 of the consolidated financial statements.

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The Group's operations consist of the following business segments:

- **Phosphate Strategic Business Unit Segment,** consist of operations related to:
  - **Phosphate fertilizers and ammonia:** Mining and beneficiation of phosphate concentrated rock at Al-Jalamid & Al-Khabra. The utilization of natural gas and sulphur to produce phosphate fertilizers as well as ammonia products at Ras-Al-Khair.
  - **Industrial minerals:** the mining of industrial minerals at a kaolin and low grade bauxite mine in the central zone of Az-Zabirah and a high grade magnesite mine at Al-Ghazallah, Multiple Hearth Furnace (MHF) processing plant and a Vertical Shaft Kiln (VSK) processing plant at Al-Madinah Al Munawarah.
  - **Marketing and distribution:** Fertilizer distribution business in the most important global fertilizer markets, mainly in Indian Sub-continent, Africa and South America.

- **Aluminium Strategic Business Unit Segment,** consists of the operations related to:
  - **Primary Aluminium:** the mining of bauxite at the Al-Ba'itha mine, its processing using alumina refinery to produce feedstock for the Aluminium Smelter and produce ingot, billet and slabs.
  - **Flat rolled products:** the use of slabs to produce sheets for auto industry and beverage can body, tab and end for the beverage can industry.
  - **Caustic soda and EDC:** the production of CCS and EDC through SAMAPCO (a joint venture). CCS is mostly used in the alumina refinery while EDC is sold to wholesale and retail market.
  - **Aluminium division under Corporate:** responsible for sale and distribution of Ma'aden share of primary aluminium to the market.

- **Base Metals and New Minerals Strategic Business Unit Segment,** consists of operations related to:
  - **Gold:** Gold mines, i.e., Mahd Ad-Dahab, Al-Amar, Bulghah, As-Suq and Ad-Duwayhi, Mansourah-Massarah and a processing plant at Sukhaybarat which are located in different geographical areas in the Kingdom of Saudi Arabia.
  - **Copper:** Production of copper concentrate and associated minerals through MBCC (a joint venture). The mine is located in the southeast of Al Madinah Al Munawarah.
  - **Exploration activities:** Exploration activities for potential minerals through MBC2 and MBC3. The principal location for exploration activities is at Umm Ad Damar and Jabal Sayid south.

- **All other segments, consists of operations related to:**
  - **Corporate management functions and support functions:** responsible for effective management, governance and support of overall business including procurement, marketing, project management and execution, exploration, funding and treasury management and other support activities.
  - **Cooperative insurance:** Insurance represents the operation of MRL which carry out cooperative reinsurance and related activities.
  - **Infrastructure:** Involved in the development, construction and delivery of services to Ma'aden entities in the Ras Al Khair area and other mining and industrial locations in the Kingdom of Saudi Arabia. The revenue, costs, assets and liabilities of infrastructure business are apportioned to the Phosphate and Aluminium segment at 67% and 33% respectively.

Corporate management and support functions, cooperative insurance, exploration activities through Ma'aden IE Electric and investment activities through Manara (a joint venture) are not reportable operating segments, as they are not separately included in the reports provided to the Management Committee.

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6 Segmental information (continued)

6.2 Business segment financial information

	Notes	Phosphate	Aluminium	Base metals and new minerals	All other segments	Total
Year ended 31 December 2023						
Sales of goods and services to external customers	6.3,7	**17,417,425,500**	**8,810,231,103**	**2,987,207,828**	**57,063,395**	**29,271,927,826**
Gross profit / (loss)		**5,998,066,667**	**(608,265,877)**	**1,482,500,094**	**42,111,097**	**6,914,411,981**
Net profit / (loss) before zakat, income tax and severance fees		**3,568,553,540**	**(2,045,976,673)**	**1,129,902,135**	**(60,491,559)**	**2,591,987,443**
Less: Income from time deposits	12	**(1,946,355)**	**(68,868,214)**	**-**	**(777,437,177)**	**(848,251,746)**
Add: Finance cost	13	**1,203,856,733**	**1,059,669,148**	**19,161,067**	**64,762,556**	**2,347,449,504**
Add: Depreciation and amortization		**3,058,092,208**	**1,733,450,138**	**352,299,298**	**20,968,633**	**5,164,810,277**
Add: Assets written-off	8	**7,777,037**	**-**	**-**	**-**	**7,777,037**
Underlying EBITDA		**7,836,333,163**	**678,274,399**	**1,501,362,500**	**(752,197,547)**	**9,263,772,515**
Net profit / (loss) attributable to ordinary shareholders of the parent company		**2,071,003,527**	**(1,191,483,792)**	**966,917,526**	**(269,110,767)**	**1,577,326,494**
Year ended 31 December 2022						
Sales of goods and services to external customers	6.3,7	26,722,775,165	11,279,788,776	2,252,320,769	22,237,579	40,277,122,289
Gross profit / (loss)		13,992,107,646	1,681,304,673	591,817,554	(16,278,416)	16,248,951,457
Net profit / (loss) before zakat, income tax and severance fees		**12,268,385,401**	**544,746,969**	**643,104,959**	**(438,642,872)**	**13,017,594,457**
Less: Income from time deposits	12	(38,980,071)	(65,300,014)	-	(173,817,132)	(278,097,217)
Add: Finance cost	13	722,329,850	737,942,255	5,551,003	48,832,422	1,514,655,530
Add: Depreciation and amortization		2,814,124,293	1,684,436,025	485,383,385	28,933,992	5,012,877,695
Add: Assets written-off and impairment	8	4,673,994	34,614,988	90,326,468	-	129,615,450
Underlying EBITDA		**15,770,533,467**	**2,936,440,223**	**1,224,365,815**	**(534,693,590)**	**19,396,645,915**
Net profit / (loss) attributable to ordinary shareholders of the parent company		8,918,672,333	396,327,808	630,652,723	(626,605,712)	9,319,047,152

Underlying EBITDA under previous basis for the year ended 31 December 2022:

	Phosphate	Aluminium	Base metals and new minerals	All other segments	Total
Underlying EBITDA – as previously reported	15,584,307,801	2,844,739,793	772,264,834	(522,010,854)	18,679,301,574
Add: Share in net profit of joint ventures that have been equity accounted	-	99,553,568	453,082,520	-	552,636,088
Add: Other income / (expenses), net	186,225,666	(7,853,138)	(981,539)	(12,682,736)	164,708,253
Underlying EBITDA	15,770,533,467	2,936,440,223	1,224,365,815	(534,693,590)	19,396,645,915

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	Notes	Phosphate	Aluminium	Base metals and new minerals	All other segments	Total
As at 31 December 2023						
Mine properties	16	**5,140,549,349**	**1,327,750,131**	**6,448,947,342**	**-**	**12,917,246,822**
Property, plant and equipment	17	**32,674,943,324**	**27,037,272,279**	**552,020**	**97,556,634**	**59,810,324,257**
Right-of-use assets	18	**745,511,014**	**1,001,698,762**	**45,951,638**	**14,311,553**	**1,807,472,967**
Capital work-in-progress	19	**2,147,063,657**	**1,113,404,607**	**24,720,487**	**141,505,244**	**3,426,693,995**
Intangible assets and goodwill	20	**272,509,920**	**44,682,706**	**11,024,346**	**24,849,554**	**353,066,526**
Investment in joint ventures	21	**-**	**304,827,183**	**986,885,015**	**309,531,857**	**1,601,244,055**
Total assets		**49,700,184,254**	**38,161,537,189**	**8,822,859,630**	**15,189,043,350**	**111,873,624,423**
Long-term borrowings*	35	**19,424,405,606**	**16,416,653,807**	**1,143,122,344**	**-**	**36,984,181,757**
Lease liabilities	37	**711,360,697**	**961,091,195**	**47,500,275**	**14,452,184**	**1,734,404,351**
Total liabilities		**27,286,720,271**	**22,652,690,570**	**2,759,211,279**	**2,359,737,169**	**55,058,359,289**
As at 31 December 2022						
Mine properties	16	5,305,251,439	1,147,214,122	5,188,949,402	-	11,641,414,963
Property, plant and equipment	17	33,258,229,108	27,425,887,969	706,487	97,441,453	60,782,265,017
Right-of-use assets	18	862,246,987	1,016,337,177	51,362,211	3,219,943	1,933,166,318
Capital work-in-progress	19	1,908,162,330	613,952,622	17,528,797	92,621,038	2,632,264,787
Intangible assets and goodwill	20	253,555,297	58,841,957	12,522,605	27,945,443	352,865,302
Investment in joint ventures	21	-	347,925,568	947,801,551	-	1,295,727,119
Total assets		52,172,089,233	38,891,774,075	7,303,566,755	13,218,843,793	111,586,273,856
Long-term borrowings*	35	23,020,018,826	16,613,054,474	1,331,025,990	-	40,964,099,290
Lease liabilities	37	823,611,145	960,137,807	57,045,418	3,310,317	1,844,104,687
Total liabilities		29,991,914,762	21,087,917,474	2,426,121,966	2,040,464,539	55,546,418,741

*long-term borrowings represent the principal balance of borrowings net of transaction cost.

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6 Segmental information (continued)

6.3 Geographical segment

A geographical segment is a group of assets, operations or entities engaged in revenue producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments. The Group's operations are mainly conducted in the Kingdom of Saudi Arabia and East Africa (Note 2) and therefore the non-current assets of the Group are mainly located within the Kingdom of Saudi Arabia and East Africa.

The Group's geographical distribution of revenue generation by destination for the year ended is as follows:

	Notes	Phosphate	Aluminium	Base metals and new minerals	All other segments	Total
31 December 2023						
International						
India		**5,438,280,734**	**169,941,471**	**-**	**-**	**5,608,222,205**
Japan		**922,107**	**355,324,432**	**-**	**-**	**356,246,539**
United States of America		**2,638,415,120**	**338,721,862**	**-**	**-**	**2,977,136,982**
Europe		**219,408,443**	**2,488,519,750**	**2,987,207,828**	**-**	**5,695,136,021**
Australia		**796,273,109**	**-**	**-**	**-**	**796,273,109**
Brazil		**1,658,184,245**	**-**	**-**	**-**	**1,658,184,245**
Africa		**3,482,137,648**	**617,077,065**	**-**	**-**	**4,099,214,713**
GCC		**3,523,744**	**478,580,333**	**-**	**-**	**482,104,077**
Others		**2,570,420,635**	**1,044,728,923**	**-**	**-**	**3,615,149,558**
Sub-total		**16,807,565,785**	**5,492,893,836**	**2,987,207,828**	**-**	**25,287,667,449**
Domestic		**609,859,715**	**3,317,337,267**	**-**	**57,063,395**	**3,984,260,377**
Total	6.2,7	**17,417,425,500**	**8,810,231,103**	**2,987,207,828**	**57,063,395**	**29,271,927,826**
31 December 2022						
International						
India		9,614,309,417	216,435	-	-	9,614,525,852
Japan		-	1,311,084,275	-	-	1,311,084,275
United States of America		2,233,780,177	682,133,777	-	-	2,915,913,954
Europe		199,283,118	3,181,062,608	2,247,971,243		5,628,316,969
Australia		906,442,373	2,484,389	-	-	908,926,762
Brazil		2,496,663,973	69,699,376	-	-	2,566,363,349
Africa		4,594,606,514	680,607,401	-	-	5,275,213,915
GCC		-	307,475,744	-	-	307,475,744
Others		5,964,912,689	1,472,462,060	4,349,526	-	7,441,724,275
Sub-total		**26,009,998,261**	**7,707,226,065**	**2,252,320,769**	**-**	**35,969,545,095**
Domestic		**712,776,904**	**3,572,562,711**	**-**	**22,237,579**	**4,307,577,194**
Total	6.2,7	**26,722,775,165**	**11,279,788,776**	**2,252,320,769**	**22,237,579**	**40,277,122,289**

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The Group's geographical distribution of external revenue by major customers and by destination for the year ended are as follows:

	Phosphate	Aluminium	Base metals and new minerals	All other segments	Total
31 December 2023					
Customer No. 1 – Indian subcontinent	**1,540,500,000**	**-**	**-**	**-**	**1,540,500,000**
Customer No. 2 – Europe	**-**	**-**	**1,502,280,217**	**-**	**1,502,280,217**
Customer No. 3 – Spain	**-**	**1,153,260,369**	**-**	**-**	**1,153,260,369**
31 December 2022					
Customer No. 1 – Indian subcontinent	2,626,125,000	-	-	-	2,626,125,000
Customer No. 2 – Europe	-	-	1,407,041,865	-	1,407,041,865
Customer No. 3 – Spain	-	1,469,642,979	-	-	1,469,642,979

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6 Segmental information (continued)

6.3 Geographical segment (continued)

The Group's revenue generation by product for the year ended are as follows:

	Notes	Phosphate	Aluminium	Base metals and new minerals	All other segments	Total
31 December 2023						
Ammonia phosphate fertilizer and ammonia		16,843,370,904	-	-	-	16,843,370,904
Low grade bauxite, caustic calcined magnesia, dead burned magnesia and monolithic		150,203,551	-	-	-	150,203,551
Primary aluminium		-	4,801,184,808	-	-	4,801,184,808
Alumina		-	711,227,284	-	-	711,227,284
Flat rolled products		-	3,297,819,011	-	-	3,297,819,011
Gold		-	-	2,987,207,828	-	2,987,207,828
Insurance		-	-	-	57,063,395	57,063,395
Others		423,851,045	-	-	-	423,851,045
Total	6.2,7	**17,417,425,500**	**8,810,231,103**	**2,987,207,828**	**57,063,395**	**29,271,927,826**
31 December 2022						
Ammonia phosphate fertilizer and ammonia		26,049,180,326	-	-	-	26,049,180,326
Low grade bauxite, caustic calcined magnesia, dead burned magnesia and monolithic		195,962,404	-	-	-	195,962,404
Primary aluminium		-	6,363,288,390	-	-	6,363,288,390
Alumina		-	301,513,643	-	-	301,513,643
Flat rolled products		-	4,614,976,692	-	-	4,614,976,692
Gold		-	-	2,252,320,769	-	2,252,320,769
Infrastructure (rendering of services)		4,950	10,051	-	-	15,001
Insurance		-	-	-	22,237,579	22,237,579
Others		477,627,485	-	-	-	477,627,485
Total	6.2,7	**26,722,775,165**	**11,279,788,776**	**2,252,320,769**	**22,237,579**	**40,277,122,289**

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7 Sales

	Notes	Year ended 31 December 2023	2022
Phosphate segment			
Ammonia phosphate fertilizer and ammonia			
Sale of goods		16,648,099,083	25,111,443,844
Movement in provisional product prices during the year		(512,388,208)	(134,328,813)
		16,135,710,875	24,977,115,031
Rendering of transportation services		707,660,029	1,072,065,295
		16,843,370,904	26,049,180,326
Industrial minerals			
Sale of goods		147,670,310	188,457,012
Rendering of transportation services		2,533,241	7,505,392
		150,203,551	195,962,404
Sub-total		16,993,574,455	26,245,142,730
Aluminium segment			
Primary aluminium			
Sale of goods		4,731,486,471	6,279,058,019
Movement in provisional product prices during the year		41,384,640	3,305,026
		4,772,871,111	6,282,363,045
Rendering of transportation services		28,313,697	80,925,345
		4,801,184,808	6,363,288,390
Alumina			
Sale of goods		711,227,284	301,513,643
Flat rolled products			
Sale of goods		3,232,865,693	4,557,800,696
Rendering of transportation services		64,953,318	57,175,996
		3,297,819,011	4,614,976,692
Sub-total		8,810,231,103	11,279,778,725
Base metals and new minerals segment			
Gold			
Sale of goods		2,937,462,830	2,265,954,146
Movement in provisional product prices during the year		49,744,998	(13,633,377)
Sub-total		2,987,207,828	2,252,320,769
Infrastructure			
Rendering of services		-	15,001
Insurance premium earned		57,063,395	22,237,579
Others		423,851,045	477,627,485
Total	6.2,6.3,7.1	29,271,927,826	40,277,122,289

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7 Sales (continued)

7.1 Timing of revenue recognition

	Note	Year ended 31 December 2023	2022
At a point in time			
sale of goods		**28,359,709,778**	39,018,642,976
rendering of services		**-**	15,001
Sub-total		**28,359,709,778**	**39,018,657,977**
Overtime			
rendering of transportation and management services		**855,154,653**	1,236,226,733
Insurance services		**57,063,395**	22,237,579
Sub-total		**912,218,048**	**1,258,464,312**
Total	7	**29,271,927,826**	**40,277,122,289**

7.2 Contract balances

	Note	31 December 2023	31 December 2022	1 January 2022
Trade receivables	27	**5,071,547,348**	6,133,938,714	4,403,789,046
Contract liabilities		**-**	45,001,178	20,228,891

No material changes were noted to contract liabilities balance.

Set out below is the amount of revenue recognized from:

	31 December 2023	31 December 2022
Amounts included in contract liabilities at the beginning of the year	**45,001,178**	20,228,891

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8 Cost of sales

	Notes	Year ended 31 December 2023	2022
Salaries and staff related benefits		**2,363,047,356**	2,201,256,755
Contracted services		**1,984,046,463**	1,965,682,368
Repairs and maintenance		**134,375,236**	119,709,102
Consumables		**1,379,141,913**	860,781,434
Overheads		**1,265,238,083**	1,052,182,671
Raw material and utilities consumed		**8,975,653,173**	11,521,658,278
Sale of by-products	8.1	**(65,868,103)**	(107,596,978)
(Reversal of) / allowance for inventory obsolescence, net	26.1	**(18,905,633)**	7,589,380
Obsolete spare parts written-off	26	**10,959,068**	-
Severance fees	43	**63,306,892**	113,665,444
Total cash operating costs		**16,090,994,448**	**17,734,928,454**
Depreciation of mine properties	16.1	**708,657,383**	776,921,576
Impairment of mine properties	16	**-**	88,679,111
Mine properties written-off	16	**-**	297,654
Depreciation of property, plant and equipment	17.1	**3,964,921,226**	3,688,587,289
Plant and equipment written-off	17	**7,777,037**	38,991,327
Depreciation of right-of-use assets	18.1	**372,528,243**	418,393,063
Impairment of right-of-use assets	18	**-**	1,647,358
Amortization of intangible assets	20.1	**28,809,615**	29,327,707
Total operating costs		**21,173,687,952**	**22,777,773,539**
Decrease in inventory	24,26	**345,767,235**	32,725,265
Total cost of goods sold		**21,519,455,187**	**22,810,498,804**
Cost of rendering transportation services		**838,060,658**	1,217,672,028
Total		**22,357,515,845**	**24,028,170,832**

8.1 Sale of by-products by MGBM comprise of the following commodities:

Zinc		**23,239,690**	56,431,425
Copper		**27,348,072**	35,077,841
Silver		**15,280,341**	16,087,712
Total	8	**65,868,103**	**107,596,978**

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9 Selling, marketing and logistic expenses

	Year ended 31 December	
	2023	**2022**
Salaries and staff related benefits	**65,459,415**	55,772,136
Contracted services	**13,854,199**	16,298,211
Freight and overheads	**171,834,580**	332,360,956
Warehouse and storage	**16,484,877**	27,434,275
Consumables	**3,761,509**	2,225,659
Marketing fees and deductibles	**284,201,642**	381,172,250
Other selling expenses	**74,680,338**	64,461,558
Total	**630,276,560**	**879,725,045**

10 General and administrative expenses

		Year ended 31 December	
	Notes	**2023**	**2022**
Salaries and staff related benefits		**679,405,737**	524,355,196
Contracted services		**790,382,331**	669,995,962
Overheads and other		**380,997,717**	320,684,605
Consumables		**19,860,268**	6,380,491
Repair parts		**7,251,504**	8,830,594
Depreciation of property, plant and equipment	17.1	**56,262,498**	63,639,953
Depreciation of right-of-use assets	18.1	**12,654,515**	10,007,316
Amortization of intangible assets	20.1	**20,338,740**	25,622,135
Reversal of allowance for ECL on trade and other receivables and time deposit	27.1,28	**-**	(235,710)
Total		**1,967,153,310**	**1,629,280,542**

11 Exploration and technical services expenses

		Year ended 31 December	
	Notes	**2023**	**2022**
Salaries and staff related benefits		**51,365,342**	43,690,880
Contracted services		**395,544,067**	128,314,318
Overheads and other		**22,247,539**	24,879,147
Consumables		**13,525,674**	5,120,691
Repair parts		**1,322,980**	753,749
Depreciation of property, plant and equipment	17.1	**638,057**	260,892
Amortization of intangible assets	20.1	**-**	117,764
Total		**484,643,659**	**203,137,441**

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12 Income from time deposits

		Year ended 31 December	
	Note	**2023**	**2022**
Income from time deposits – measured at amortized cost	6.2	**848,251,746**	278,097,217

13 Finance cost

		Year ended 31 December	
	Notes	**2023**	**2022**
PIF		**433,163,219**	222,152,425
Commercial		**60,314,234**	34,685,598
Wakala		**126,680,931**	70,116,067
Saudi Industrial Development Fund		**110,706,821**	114,696,557
Public Pension Agency		**388,305,932**	201,349,831
Riyal Murabaha facility		**1,056,130,012**	645,252,013
Murabaha working capital facility		**15,680,132**	5,793,750
Sukuk facility		**249,654,399**	119,053,111
Revolving credit facility		**22,500,000**	18,750,000
Others		**34,786,806**	21,582,073
Sub-total		**2,497,922,486**	**1,453,431,425**
Amortization of revolving loan transaction cost	24	**13,500,000**	14,250,000
Amortization of transaction cost on long-term borrowings	35.12	**94,170,122**	106,504,679
Accretion of provision for mine decommissioning obligations	36	**26,901,757**	13,550,492
Accretion of provision for plant dismantling	36	**19,049,688**	-
Accretion of finance cost under lease liabilities	37.2	**67,610,932**	60,952,845
Derivative interest	38	**(96,380,409)**	56,112,449
Finance cost on employees' end of service termination benefits obligation	39.1	**44,345,694**	21,015,490
Sub-total	6.2,13.1	**2,667,120,270**	**1,725,817,380**
Less: Borrowing cost / amortization of transaction cost capitalized as part of qualifying assets in capital work-in-progress during the year	13.1	**(319,670,766)**	(211,161,850)
Total		**2,347,449,504**	**1,514,655,530**

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13 Finance cost (continued)

13.1 Summary of finance cost

		Year ended 31 December	
	Notes	**2023**	**2022**
Expensed during the year	13	**2,347,449,504**	1,514,655,530
Borrowing cost capitalized as part of qualifying assets in capital work-in-progress during the year	13,19	**39,883,319**	90,962,242
Borrowing cost capitalized as part of qualifying assets in mine under construction during the year	13, 16	**267,691,095**	106,081,172
Amortization of transaction cost capitalized as part of qualifying assets in mine under construction during the year	19,35.12	**12,096,352**	14,118,436
Total		**2,667,120,270**	**1,725,817,380**

14 Other (expenses) / income, net

		Year ended 31 December	
	Notes	**2023**	**2022**
(Loss) / gain on exchange difference, net	46.1.1	**(55,949,579)**	25,950,427
Community support services		**(41,531,041)**	(86,694,664)
(Loss) / gain on adjustment to provision for decommissioning, site rehabilitation and dismantling obligations		**(23,164,582)**	16,486,428
Loss on derecognition of property, plant and equipment	17	**(3,796,019)**	(695,681)
Amortization of deferred income	40	**10,599,836**	-
Gain from supply of power to Saudi Ports Authority and RCJY		**1,801,840**	1,582,820
Income earned from insurance claim	17	**-**	194,481,832
Others, net		**67,702,857**	13,597,091
Total	6.2	**(44,336,688)**	**164,708,253**

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15 Earnings per ordinary share

		Year ended 31 December	
	Notes	**2023**	**2022**
Earnings attributable to ordinary shareholders of the parent company		**1,577,326,494**	9,319,047,152
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	15.1	**3,691,576,456**	3,691,773,438
Basic and diluted earnings per ordinary share from continuing operations	15.1	**0.43**	2.52

Basic and diluted earnings per ordinary share is calculated by dividing the profit attributable to the ordinary shareholders of the parent company by the weighted average number of ordinary shares in issue during the year (Note 30).

15.1 Weighted average number of ordinary shares

Weighted average number of ordinary shares for the purpose of computing basic earnings per share are as follows:

		Year ended 31 Decembe	
	Notes	**2023**	**2022**
Issued ordinary shares		**3,691,773,438**	2,461,182,292
Effect of bonus shares*	30	**-**	1,230,591,146
Effect of treasury shares	33	**(196,982)**	-
Weighted average number of ordinary shares outstanding		**3,691,576,456**	3,691,773,438

*As a result of issuance of bonus shares (Note 30), the outstanding weighted average number of ordinary shares post the bonus shares issuance have been used for calculation of basic and diluted earnings per ordinary share from continuing operations, for all periods presented.

Diluted earnings per share computed based on weighted average number of ordinary shares outstanding i.e. issued ordinary shares did not result in material change from basic earnings per ordinary share from continuing operations.

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16 Mine properties

				Operating mines								
	Notes	Exploration and evaluation assets	Mines under construction (Note 16.3)	Land and buildings	Plant and equipment	Office equipment	Motor vehicles	Furniture and fittings	Closure, dismantling and rehabilitation provision	Stripping activity asset	Mining capital work-in-progress	Total
Cost												
1 January 2022		428,792,907	2,966,789,048	4,256,203,297	7,654,105,831	26,654,011	27,609,482	33,203,402	466,146,822	642,015,593	406,681,692	16,908,202,085
Additions during the year		120,350,695	424,561,816	-	-	80,000	-	-	-	52,565,708	237,553,075	835,111,294
Transfers within mine properties		-	-	21,740,058	171,312,822	4,933,585	295,800	-	-	-	(198,282,265)	-
Transfer (to) / from capital work-in-progress	19	(320,033,376)	-	-	407,206,697	-	-	-	-	-	-	87,173,321
Increase / (decrease) in mine closure and rehabilitation provision	36	-	106,047,853	-	-	-	-	-	(206,757,934)	-	-	(100,710,081)
Written-off during the year		-	-	-	(297,654)	-	-	-	(12,249,240)	-	-	(12,546,894)
Adjustments		-	-	(30,526,452)	(7,175,259)	(35,250)	(1,361,691)	(150,975)	-	-	(2,908,920)	(42,158,547)
31 December 2022		229,110,226	3,497,398,717	4,247,416,903	8,225,152,437	31,632,346	26,543,591	33,052,427	247,139,648	694,581,301	443,043,582	17,675,071,178
Additions during the year		54,625,078	877,509,773	-	349,654	-	-	-	-	123,935,666	211,104,478	1,267,524,649
Transfers within mine properties		-	(4,463,597,354)	1,174,765,204	3,317,148,470	34,931,427	-	2,123,138	194,736,718	-	(260,107,603)	-
Transfer from capital work-in-progress	19	-	-	4,723,770	30,112,534	-	-	-	-	-	103,000	34,939,304
Increase in closure, dismantling and rehabilitation provision	36	-	88,688,864	-	-	-	-	-	593,336,425	-	-	682,025,289
31 December 2023		**283,735,304**	**-**	**5,426,905,877**	**11,572,763,095**	**66,563,773**	**26,543,591**	**35,175,565**	**1,035,212,791**	**818,516,967**	**394,143,457**	**19,659,560,420**

				Operating mines								
	Notes	Exploration and evaluation assets	Mines under construction (Note 16.3)	Land and buildings	Plant and equipment	Office equipment	Motor vehicles	Furniture and fittings	Mine closure and rehabilitation provision	Stripping activity asset	Mining capital work-in-progress	Total
Accumulated depreciation												
1 January 2022		-	-	1,373,900,815	3,361,290,473	20,521,451	24,729,900	32,505,470	87,848,967	318,997,490	-	5,219,794,566
Charge for the year	16.1	-	-	204,228,591	474,337,209	1,124,525	857,723	345,999	12,520,759	83,506,770	-	776,921,576
Impairment during the year		-	-	32,210,605	56,468,506	-	-	-	-	-	-	88,679,111
Written-off during the year		-	-	-	-	-	-	-	(12,249,240)	-	-	(12,249,240)
Adjustments		-	-	(27,428,700)	(10,513,182)	(35,250)	(1,361,691)	(150,975)	-	-	-	(39,489,798)
31 December 2022		-	-	1,582,911,311	3,881,583,006	21,610,726	24,225,932	32,700,494	88,120,486	402,504,260	-	6,033,656,215
Charge for the year	16.1	-	-	151,871,172	466,459,669	953,649	576,844	684,617	57,296,277	30,815,155	-	708,657,383
31 December 2023		**-**	**-**	**1,734,782,483**	**4,348,042,675**	**22,564,375**	**24,802,776**	**33,385,111**	**145,416,763**	**433,319,415**	**-**	**6,742,313,598**
Net book value as at												
31 December 2022	6.2	229,110,226	3,497,398,717	2,664,505,592	4,343,569,431	10,021,620	2,317,659	351,933	159,019,162	292,077,041	443,043,582	11,641,414,963
31 December 2023	6.2	**283,735,304**	**-**	**3,692,123,394**	**7,224,720,420**	**43,999,398**	**1,740,815**	**1,790,454**	**889,796,028**	**385,197,552**	**394,143,457**	**12,917,246,822**

During the year, the Group has reassessed and revised economic useful lives and residual values of assets related to its mine properties. along with the recognition of site rehabilitation and dismantling obligations for its plant and processing facilities related to mine properties. See Note 5.3 "Changes in accounting estimates".

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16 Mine properties (continued)

16.1 Allocation of depreciation charge for the year to:

	Notes	Year ended 31 December 2023	2022
Expensed through profit or loss			
Cost of sales	8,16	**708,657,383**	776,921,576

16.2 Mining properties pledged as security

Mine properties with a net book value at 31 December 2023 of SAR 7,495,739,265 (31 December 2022: SAR 7,540,956,331) are pledged as security to lenders under the Common Term Agreements (Note 35.13).

16.3 Mine under construction – Mansourah-Massarah mine

During the third quarter of 2022, the Group initiated the commissioning activities of its Mansourah-Massarah mine. The revenue from sales of goods produced during the year from commissioning activities till the capitalization of the plant amounted to SAR 1,085 million (2022: SAR 77 million), which has been recognized in the consolidated statement of profit or loss under sales. Further, the related cost of production during the year amounted to SAR 256 million (2022: SAR 33 million) and has been recognized in the consolidated statement of profit or loss under cost of sales. During the year, the commissioning activities were completed for commercial production and therefore, the mine has been capitalized in "Operating Mines".

17 Property, plant and equipment

			Non-mining assets					
	Notes	Land and buildings	Plant and equipment	Office equipment	Furniture and fittings	Motor vehicles	Plant dismantling obligation	Total
Cost								
1 January 2022		29,146,505,937	51,188,234,656	118,302,690	95,632,091	55,033,434		80,603,708,808
Addition during the year		5,705,751	257,523,691	1,560,297	364,344	6,039,971		271,194,054
Transfer from capital work-in-progress	19	351,679,494	5,063,750,207	135,465	73,214	-	-	5,415,638,380
Written-off during the year*		(895,496)	(166,689,577)	(1,736,916)	-	-	-	(169,321,989)
Foreign currency translation adjustments		(31,968,901)	(5,627,337)	(2,042,345)	(598,038)	(3,708,824)	-	(43,945,445)
Disposal		(5,326,645)	(4,232,288)	(4,279,286)	(270,817)	(1,458,015)	-	(15,567,051)
31 December 2022		29,465,700,140	56,332,959,352	111,939,905	95,200,794	55,906,566	-	86,061,706,757
Addition during the year		6,458,411	457,509,777	2,894,543	774,135	4,819,196	1,154,954,535	1,627,410,597
Transfer from capital work-in-progress	19	32,578,662	1,429,860,308	168,599	2,114,025	-	-	1,464,721,594
Written-off during the year*		(14,790)	(212,885,707)	(1,827,491)	(700,002)	(2,145,964)	-	(217,573,954)
Foreign currency translation adjustments		(22,345,859)	(1,373,194)	(1,176,536)	(240,218)	(1,259,685)	-	(26,395,492)
Disposal		-	(17,510,368)	-	-	(1,516,001)	-	(19,026,369)
31 December 2023		**29,482,376,564**	**57,988,560,168**	**111,999,020**	**97,148,734**	**55,804,112**	**1,154,954,535**	**88,890,843,133**

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			Non-mining assets					
	Notes	Land and buildings	Plant and equipment	Office equipment	Furniture and fittings	Motor vehicles	Plant dismantling obligation	Total
Accumulated depreciation								
1 January 2022		4,847,981,960	16,600,498,414	89,076,997	78,642,525	47,499,758	-	21,663,699,654
Charge for the year	17.1	879,637,679	2,854,828,103	9,018,304	5,863,720	3,140,328	-	3,752,488,134
Written-off during the year*		-	(130,258,283)	(72,379)	-	-	-	(130,330,662)
Foreign currency translation adjustments		4,993,764	(3,608,203)	(1,849,699)	(359,759)	(2,712,616)	-	(3,536,513)
Disposal		(785,392)	(395,546)	(220,698)	(19,222)	(1,458,015)	-	(2,878,873)
31 December 2022		5,731,828,011	19,321,064,485	95,952,525	84,127,264	46,469,455	-	25,279,441,740
Charge for the year	17.1	862,607,314	3,134,823,146	5,661,225	5,556,156	3,914,254	9,259,686	4,021,821,781
Written-off during the year*		(31,151)	(206,640,362)	(1,153,125)	(556,410)	(1,415,869)	-	(209,796,917)
Foreign currency translation adjustments		2,703,944	(2,282,648)	(517,549)	(101,201)	(625,009)	-	(822,463)
Disposal		-	(8,609,264)	-	-	(1,516,001)	-	(10,125,265)
31 December 2023		**6,597,108,118**	**22,238,355,357**	**99,943,076**	**89,025,809**	**46,826,830**	**9,259,686**	**29,080,518,876**
Net book value								
31 December 2022	6.2	23,733,872,129	37,011,894,867	15,987,380	11,073,530	9,437,111	-	60,782,265,017
31 December 2023	6.2	**22,885,268,446**	**35,750,204,811**	**12,055,944**	**8,122,925**	**8,977,282**	**1,145,694,849**	**59,810,324,257**

During the year, the Group has assessed and revised economic useful lives and residual values of its property, plant and equipment along with the recognition of site rehabilitation and dismantling obligations for its plant and processing facilities related to property, plant and equipment. See Note 5.3 "Changes in accounting estimates".

*During the year, the Group has written-off property, plant and equipment having carrying amount of SAR 7.8 million (2022: SAR 39 million). These assets written-off are mainly attributable to relining of pots within smelter plants which were worn before the completion of their economic useful lives. The Group is in the process of filing claims with the insurance company to recover the loss. Write-off losses were recognized and included in the cost of sales in the consolidated statement of profit or loss for the years ended 31 December 2023 and 2022.

17.1 Allocation of depreciation charge for year to:

	Notes	Year ended 31 December 2023	2022
Expensed through profit or loss			
Cost of sales	8	**3,964,921,226**	3,688,587,289
General and administrative expenses	10	**56,262,498**	63,639,953
Exploration and technical services expenses	11	**638,057**	260,892
Total	17	**4,021,821,781**	**3,752,488,134**

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17 Property, plant and equipment (continued)

17.2 Property, plant and equipment pledged as security

Property, plant and equipment with a net book value at 31 December 2023 of SAR19,150,898,448 (31 December 2022: SAR 19,631,479,056) are pledged as security to lenders under the Common Term Agreement (Note 35.13).

17.3 Impairment assessment of rolling mill and MWSPC CGUs

Impairment assessment of rolling mill CGU

As at 31 December 2023, management of the company performed an impairment assessment of the rolling mill CGU due to lower than budgeted performance. The methodology used by management for the impairment assessment is the discounted cash flow analysis. Key assumptions used in this analysis include:

- a pretax discount rate of 9.00% (31 December 2022: 8.78%) 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 assumption of 3.50% (31 December 2022: 3.50%) which has been estimated based on third party consultant's forecasts for the industry; and
- The sales growth in the forecast period has been estimated to be compound annual growth rate of 16.37% (31 December 2022: 10.11%).

Management concluded that the recoverable amount for the capital work-in-progress, property plant and equipment, right-of-use assets and intangible assets of the rolling mill CGU is higher than the carrying value of such assets. The estimated recoverable amount was based on an approved five year business plan. The calculation involved an in-depth review of each key element of rolling mill CGU income and costs (including sales volume and prices, operating costs and capital expenditure) and included a review of historical results and also a review of third party forecasts of the aluminium market prices.

The recoverable amount of the rolling mill CGU would equal its carrying amount if the following key assumptions were to change as follows:

	31 December 2023		31 December 2022	
	From	To	From	To
Discount rate	**9.00%**	**10.26%**	8.78%	11.02%
Sales growth	**16.37%**	**14.35%**	10.11%	6.59%

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. Due to certain sensitive variables, as explained above, no reversal of impairment was made as of 31 December 2023.

Management of the company has considered and assessed reasonably possible changes for other key assumptions and has not identified any instances that could cause the carrying amount of the CGU to exceed its recoverable amount.

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Impairment assessment of MWSPC CGU

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

Key assumptions used in this analysis included:

- a pre-tax discount rate of 9.50% (31 December 2022: 9.70%) per annum which was calculated using a Capital Asset Pricing Model (CAPM) methodology; and
- 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 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.

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

	31 December 2023		31 December 2022	
	From	To	From	To
Discount rate	**9.50%**	**10.80%**	9.70%	11.36%

Further, a decrease of 5.55% (31 December 2022: 6.46%) in the commodities prices will result in the recoverable value of the CGU to be equal to its carrying amount.

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 assessed reasonably possible changes for other key assumptions and has not identified any instances that could cause the carrying amount of CGU to exceed its recoverable amount.

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18 Right-of-use assets

	Notes	Equipment	Land and buildings	Motor vehicles	Vessels*	Total
Cost						
1 January 2022		1,316,685,537	419,632,268	176,841,910	230,914,223	2,144,073,938
Additions during the year	37.1,37.2	10,491,829	132,040,037	22,627,565	784,528,256	949,687,687
Re-measurement		-	-	-	64,207,998	64,207,998
Retirement		(235,387)	(1,062,488)	(52,955,043)	(185,476,708)	(239,729,626)
31 December 2022		1,326,941,979	550,609,817	146,514,432	894,173,769	2,918,239,997
Additions during the year	37.1,37.2	17,648,252	99,882,699	16,273,815	128,335,358	262,140,124
Re-measurement		(43,496,805)	(8,202,555)	(89,148)	(72,047,901)	(123,836,409)
Retirement					(62,634,336)	(62,634,336)
31 December 2023		**1,301,093,426**	**642,289,961**	**162,699,099**	**887,826,890**	**2,993,909,376**
Accumulated depreciation						
1 January 2022		358,901,290	139,723,865	102,558,046	185,884,284	787,067,485
Charge for the year	18.1	95,862,543	17,734,001	26,091,495	288,712,340	428,400,379
Retirement		147,358	-	(46,712,193)	(185,476,708)	(232,041,543)
Impairment during the year		1,647,358	-	-	-	1,647,358
31 December 2022		456,558,549	157,457,866	81,937,348	289,119,916	985,073,679
Charge for the year	18.1	63,144,951	30,830,726	34,479,528	256,727,553	385,182,758
Re-measurement		(43,496,805)	(5,551,838)	(89,148)	(72,047,901)	(121,185,692)
Retirement		-	-	-	(62,634,336)	(62,634,336)
31 December 2023		**476,206,695**	**182,736,754**	**116,327,728**	**411,165,232**	**1,186,436,409**
Net book value						
31 December 2022	6.2	870,383,430	393,151,951	64,577,084	605,053,853	1,933,166,318
31 December 2023	6.2	**824,886,731**	**459,553,207**	**46,371,371**	**476,661,658**	**1,807,472,967**

*During 2022, the Group:

a) entered into certain new contracts for additional vessels having cost of SAR 785 million.
b) de-recognized certain fully depreciated vessels having cost and accumulated depreciation of SAR 185 million.
c) entered into a new contract for one of its vessel to increase its lease term based on the prevailing market rate that has resulted in a re-measurement of right-of-use by SAR 64 million.

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18.1 Allocation of depreciation charge for the year to:

	Notes	Year ended 31 December 2023	2022
Expensed through profit or loss			
Cost of sales	8	**372,528,243**	418,393,063
General and administrative expenses	10	**12,654,515**	10,007,316
Total	18	**385,182,758**	**428,400,379**

18.2 Short-term and low-value lease payments

The Company has used practical expedient available in IFRS 16 – Leases for short-term leases and leases of low-value assets (such as personal computers and office furniture). These are recognized on a straight-line basis as an expense in the consolidated statement of profit or loss amounting to SAR 102,765,503 for the year ended 31 December 2023 (2022: SAR 148,221,582).

19 Capital work-in-progress

	Notes	Property, plant and equipment	Ammonia-3 project	Phosphate-3 project	Total
1 January 2022		2,853,550,337	3,762,762,415	-	6,616,312,752
Additions during the year		1,188,878,060	428,038,837	-	1,616,916,897
Transfer to mine properties	16	(407,206,697)	-	320,033,376	(87,173,321)
Transfer to property, plant and equipment	17	(1,224,837,128)	(4,190,801,252)	-	(5,415,638,380)
Transfer to intangible assets	20	(101,150,105)	-	-	(101,150,105)
Foreign currency translation adjustments		88,024	-	-	88,024
Adjustment		2,908,920	-	-	2,908,920
31 December 2022	6.2	2,312,231,411	-	320,033,376	2,632,264,787
Additions during the year		2,095,651,324	-	248,030,278	2,343,681,602
Transfer to mine properties	16	(34,939,304)	-	-	(34,939,304)
Transfer to property, plant and equipment	17	(1,464,721,594)	-	-	(1,464,721,594)
Transfer to intangible assets	20	(49,591,496)	-	-	(49,591,496)
31 December 2023	6.2	**2,858,630,341**	**-**	**568,063,654**	**3,426,693,995**

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19 Capital work-in-progress (continued)

19.1 Build Own Operate Transfer Contract agreement ("BOOT agreement"):

During the year, the Group obtained the required permits from the Royal Commission for Jubail and Yanbu for the construction of dross processing plant facility (the "Plant") inside the premises of one of its subsidiaries. A third-party contractor (the "Contractor") was engaged under a 'Build Own Operate Transfer Contract' agreement ("BOOT agreement") to carry-out the construction of the Plant.

Under the terms of the BOOT agreement, the Contractor will build, own, and operate the Plant for a period of 20 years after which the Plant will be transferred to the Group. The Group is required to make capacity payments to the Contractor which are contingent on the annual volume of dross processed from the Plant, from the date of commencement of commercial operations of the Plant. The expected commencement date of the Plant is by 2024.

Based on management's assessment of contractual rights and obligations under the BOOT agreement, management concluded that the Group controls the Plant from its construction till the end of contract period. Accordingly, the Group has accounted for the Plant as 'Capital work-in-progress' valued at the fair value of future capacity payments discounted at the Group's cost of debt against a corresponding financial liability.

The following key assumptions were used to determine the fair value of financial liability:

	31 December 2023
Discount rate	**5.84%**
Future capacity utilization – metric tonne "mt"	**35,000 mt**
Percentage of completion of the Plant	**46%**

19.2 Capitalized borrowing cost for assets under construction:

The Group has capitalized the following as part of capital work-in-progress and mine under construction during the year:

		Year ended 31 December	
	Notes	2023	2022
Net borrowing cost attributable to qualifying assets, using a capitalization rate ranging from 3.6% to 7.18% per annum (31 December 2022: 3.10% to 6.33% per annum)	13.1	**307,574,414**	197,043,414
Amortization of transaction cost on long-term borrowings	13.1, 35.12	**12,096,352**	14,118,436
Total		**319,670,766**	**211,161,850**

19.3 Capital work-in-progress pledged as security

At 31 December 2023, the net book value of SAR 870,110,243 (31 December 2022: SAR 882,391,679) is pledged as security to the lenders (Note 35.13).

19.4 Ammonia 3 project

During 2022, the Group initiated the commissioning activities of Ammonia-3 project. The revenue from sales of good produced during the year 2022 from such commissioning activities amounted to SAR 1,254 million, which was recognized in the consolidated statement of profit or loss under sales. Further, the related cost of production for the year 2022 amounted to SAR 170 million and was recognized in the consolidated statement of profit or loss under cost of sales. The Ammonia-3 project has been transferred from the Company to MFC (a wholly owned subsidiary of the Company) during 2022. The Ammonia-3 project commenced its commercial production during the year 2022 and was capitalized in property, plant and equipment.

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20 Intangible assets and goodwill

	Notes	Internally developed software	Technical development	Software and licenses	Goodwill	Customer relationships*	Non-core contracts*	Total
Cost								
1 January 2022		12,380,781	18,229,675	255,038,776	159,465,843	75,375,000	10,500,000	530,990,075
Additions during the year		-	-	19,853,074	-	-	-	19,853,074
Transfer from capital work-in-progress during the year	19	-	-	101,150,105	-	-	-	101,150,105
31 December 2022		12,380,781	18,229,675	376,041,955	159,465,843	75,375,000	10,500,000	651,993,254
Additions during the year		-		343,886	-	-	-	343,886
Transfer from capital work-in-progress during the year	19	-	418,174	49,173,322	-	-	-	49,591,496
Adjustment		-	-	(585,803)	-	-	-	(585,803)
31 December 2023		**12,380,781**	**18,647,849**	**424,973,360**	**159,465,843**	**75,375,000**	**10,500,000**	**701,342,833**

	Notes	Internally developed software	Technical development	Software and licenses	Goodwill	Customer relationships*	Non-core contracts*	Total
Accumulated amortization								
1 January 2022		12,380,781	17,886,051	189,234,139	-	18,215,625	6,343,750	244,060,346
Charge for the year	20.1	-	104,913	44,800,193	-	7,537,500	2,625,000	55,067,606
31 December 2022		12,380,781	17,990,964	234,034,332	-	25,753,125	8,968,750	299,127,952
Charge for the year	20.1	-	238,711	39,840,894	-	7,537,500	1,531,250	49,148,355
31 December 2023		**12,380,781**	**18,229,675**	**273,875,226**	**-**	**33,290,625**	**10,500,000**	**348,276,307**
Net book value								
31 December 2022	6.2	-	238,711	142,007,623	159,465,843	49,621,875	1,531,250	352,865,302
31 December 2023	6.2	**-**	**418,174**	**151,098,134**	**159,465,843**	**42,084,375**	**-**	**353,066,526**

*Customer relationships and non-core contracts were acquired in a business combination.

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20 Intangible assets and goodwill (continued)

20.1 Allocation of amortization charge for year to:

	Notes	Year ended 31 December 2023	2022
Expensed through profit or loss			
Cost of sales	8	**28,809,615**	29,327,707
General and administrative expenses	10	**20,338,740**	25,622,135
Exploration and technical services expenses	11	**-**	117,764
Total	20	**49,148,355**	**55,067,606**

20.2 Goodwill

Goodwill is attributable to fertilizer distribution network and assembled workforce that cannot be assigned to any other determinable and separate intangible asset.

The Group tests whether goodwill has suffered any impairment on an annual basis. For the impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. At 31 December 2023, the recoverable amount of fertilizer distribution companies which was considered as single group of cash generating units was determined based on value-in-use calculations which require the use of assumptions. The calculations used cash flow projections based on financial budgets approved by management covering a five-years period. Cash flows beyond the five-years period were extrapolated using the estimated growth rate stated below. This growth rate was consistent with forecasts included in industry reports specific to the industry in which the group of CGUs operate. Goodwill is allocated to the fertilizer distribution companies as a whole and falls under "Phosphate Strategic Business Unit Segment" in the operating segment. Management's judgment to allocate goodwill to the fertilizer business considered the broader reason for which acquisition was made, i.e. acquiring of fertilizer distribution network in East Africa. The calculation of value in use was most sensitive to the assumptions on discount rate and average "EBITDA as percentage of total revenues for the CGU" ("EBITDA margins"). Key assumptions underlying the projections were:

Key assumptions	%
Discount rate	30.54%
Average EBITDA margin	14.56%

Discount rate

The discount rate is an estimate of the weighted average cost of capital as of 31 December 2023 based on market rates adjusted to reflect management's estimate of the specific risks relating to operations in East Africa.

Average EBITDA margin

The average EBITDA margins of 14.56% has been estimated for the forecast period.

Sensitivity analysis

At 31 December 2023, management of the Company has considered and assessed reasonably possible changes for key assumptions and has not identified any instances that could cause the carrying value of the group of CGUs including goodwill to exceed its recoverable amount.

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21 Investments in joint ventures

The Group's interest in the issued and paid-up share capital of its joint ventures are accounted for using the equity method of accounting, see Note 4.1.

The components of the change in the investment in joint ventures for the year ended 31 December are as follows:

	Notes	MBCC 50%	SAMAPCO 50%	Ma'aden IE Electric 50%	Manara 51%	MBC2 50%	Total
1 January 2022		960,145,336	248,372,000	-	-	-	1,208,517,336
Share in net profit		453,082,520	99,553,568	-	-	-	552,636,088
Current year		453,082,520	116,658,000	-	-	-	569,740,520
Prior year catch up adjustment		-	(275,499)	-	-	-	(275,499)
Change in elimination of profit in inventory		-	(16,828,933)	-	-	-	(16,828,933)
Share in other comprehensive income		1,448,695	-	-	-	-	1,448,695
Dividends		(466,875,000)	-	-	-	-	(466,875,000)
31 December 2022		947,801,551	347,925,568	-	-	-	1,295,727,119
Acquisition in cash	21.2	-	-	50,000	95,625,000	4,284,059	99,959,059
Acquisition in kind	21.3	-	-	247,500,000	-	-	247,500,000
Share in net profit / (loss)		389,784,430	(43,098,385)	(3,421,845)	(19,621,458)	(4,284,059)	319,358,683
Current year		384,449,534	(39,521,831)	(3,421,845)	(19,621,458)	(4,284,059)	317,600,341
Prior year catch up adjustment		5,334,896	(2,152,170)	-	-	-	3,182,726
Change in elimination of profit in inventory			(1,424,384)	-	-	-	(1,424,384)
Adjustment against deferred income	21.3	-	-	(10,599,840)	-	-	(10,599,840)
Share in other comprehensive loss		(1,950,966)	-	-	-	-	(1,950,966)
Dividends		(348,750,000)	-	-	-	-	(348,750,000)
31 December 2023		**986,885,015**	**304,827,183**	**233,528,315**	**76,003,542**	**-**	**1,601,244,055**

Summarised financial information related to joint ventures

The financial statements of these joint ventures are prepared in accordance with IFRS., that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA. The accounting policies used, in the preparation of these financial statements, as well as their reporting dates are consistent with that of the Group.

Summarized financial information (100% share) of the joint ventures, based on their draft management accounts or audited annual financial statements and a reconciliation with the carrying amount of the respective investments, as shown in the separate financial statements of the Group, are set out below:

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21 Investments in joint ventures (continued)

21.1 Summarised financial information

	Notes	MBCC 50%	SAMAPCO 50%	Ma'aden IE Electric 50%	Manara 51%	MBC2 50%
Summarised statement of profit or loss and other comprehensive income						
Year ended 31 December 2023						
Sales and other operating revenues		1,919,597,120	678,040,000	-	-	-
Finance cost		(2,945,408)	(117,254,000)	-	-	-
Depreciation and amortization		(179,110,433)	(123,945,000)	-	-	-
Other expenses		(696,495,278)	(513,179,000)	(6,843,690)	(38,473,448)	(8,568,118)
Profit / (loss) before zakat, severance fees and income tax		1,041,046,001	(76,338,000)	(6,843,690)	(38,473,448)	(8,568,118)
Severance fees		(121,011,305)	-	-	-	-
Zakat and income tax		(146,155,228)	(7,011,000)	-	-	-
Profit / (loss) for the year from continuing operations		773,879,468	(83,349,000)	(6,843,690)	(38,473,448)	(8,568,118)
Other comprehensive loss		(3,511,738)	-	-	-	-
Total comprehensive income / (loss)		770,367,730	(83,349,000)	(6,843,690)	(38,473,448)	(8,568,118)
Group's share of profit / (loss) for the year*	21	389,784,430	(43,098,385)	(3,421,845)	(19,621,458)	(4,284,059)
Group's share of other comprehensive loss	21	(1,950,966)	-	-	-	-
Group's share of total comprehensive income / (loss) for the year		387,833,464	(43,098,385)	(3,421,845)	(19,621,458)	(4,284,059)
Summarised statement of financial position						
As at 31 December 2023						
Assets						
Non-current assets		1,523,031,688	2,082,948,000	-	-	-
Current assets						
Other current assets		402,523,058	279,377,000	269,549,893	4,187,629	-
Cash and cash equivalents		363,421,531	71,323,000	223,275,346	162,452,830	8,568,118
Total assets		2,288,976,277	2,433,648,000	492,825,239	166,640,459	8,568,118
Liabilities						
Non-current liabilities		81,669,324	1,536,026,000	-	-	-
Current liabilities		193,687,143	183,443,000	4,568,928	17,613,908	8,568,118
Total liabilities		275,356,467	1,719,469,000	4,568,928	17,613,908	8,568,118
Net assets		2,013,619,810	714,179,000	488,256,311	149,026,551	-
Group's proportionate ownership share in net assets		986,885,015	304,827,183	233,528,315	76,003,542	-

*Ma'aden's share in net income is reduced by zakat and severance fees, as applicable to the Saudi shareholder.

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	Notes	MBCC 50%	SAMAPCO 50%	Ma'aden IE Electric 50%	Manara 51%	MBC2 50%
Summarised statement of profit or loss and other comprehensive income						
Year ended 31 December 2022						
Sales and other operating revenues		1,984,882,179	1,023,821,000	-	-	-
Finance cost		(497,760)	(81,127,000)	-	-	-
Depreciation and amortization		(161,322,400)	(121,718,000)	-	-	-
Other expenses		(635,022,426)	(581,830,000)	-	-	-
Profit before zakat, severance fees and income tax		1,188,039,593	239,146,000	-	-	-
Severance fees		(129,444,653)	-	-	-	-
Zakat and income tax		(122,116,949)	(5,830,000)	-	-	-
Profit for the year from continuing operations		936,477,991	233,316,000	-	-	-
Other comprehensive income		2,607,651	-	-	-	-
Total comprehensive income		939,085,642	233,316,000	-	-	-
Group's share of profit for the year	21	453,082,520	99,553,568	-	-	-
Group's share of other comprehensive income	21	1,448,695	-	-	-	-
Group's share of total comprehensive income for the year		454,531,215	99,553,568	-	-	-
Summarised statement of financial position						
As at 31 December 2022						
Assets						
Non-current assets		1,538,410,366	2,198,092,000	-	-	-
Current assets						
Other current assets		438,698,205	248,407,000	-	-	-
Cash and cash equivalents		279,961,696	103,280,000	-	-	-
Total assets		2,257,070,267	2,549,779,000	-	-	-
Liabilities						
Non-current liabilities		99,229,241	1,587,521,000	-	-	-
Current liabilities		211,753,312	167,576,000	-	-	-
Total liabilities		310,982,553	1,755,097,000	-	-	-
Net assets		1,946,087,714	794,682,000	-	-	-
Group's proportionate ownership share in net assets	21	947,801,551	347,925,568	-	-	-

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21 Investments in joint ventures (continued)

21.2 Investment in Manara

During the year, Ma'aden established a joint venture named Manara with PIF. The objective of Manara is to invest in mining assets internationally to secure strategic minerals. Manara initial paid-up capital amounts to SAR 187.5 million. Ma'aden and PIF agreed that if additional funding is required as the business of Manara develops, Ma'aden and PIF shall fund Manara in an amount up to SAR 11.95 billion by way of capital increases or otherwise as and when agreed between Ma'aden and PIF. Hence, Ma'aden's maximum contribution shall be SAR 6.1 billion, unless Ma'aden and PIF agree otherwise in the future. During the year, Ma'aden contributed SAR 95.6 million to Manara as its initial paid-up capital.

On 27 July 2023, Manara through its wholly owned subsidiary signed a binding agreement to acquire 10% of Vale Base Metals Limited ("Vale"), based on an enterprise value of SAR 97.5 billion. Ma'aden share of contribution in acquiring interest in Vale amounts to approximately SAR 5 billion which will be contributed to Manara as capital contribution from the Group's own resources. Vale has projects in world leading mining jurisdictions including Canada, Brazil and Indonesia. Manara's investment into Vale will play a key role in helping it expand the production of copper and nickel across its asset portfolio, which are critical to the development of new technologies that will benefit the global energy transition.

21.3 Investment in Ma'aden IE Electric

During the year, Ma'aden established a joint venture named Ma'aden IE Electric with IE. The objective of Ma'aden IE Electric is to explore and develop mining project in Kingdom of Saudi Arabia. Ma'aden contributed SAR 0.05 million in cash as its initial paid-up capital and SAR 247.5 million in-kind against deferred income recognized under trade, projects and other payables. The Group's in-kind contribution represents fair value of the Group's undertaking to provide access rights of certain exploration land area in the Kingdom of Saudi Arabia to Ma'aden IE Electric. Deferred income is amortized over the fulfillment period of Ma'aden undertaking under HoT and resultant gain is credited to other income / (expense), net in the consolidated statement of profit or loss restricted only to IE's share of investment in Ma'aden IE Electric.

22 Deferred income tax and severance fees

22.1 Income tax and severance fees

Income tax: The following components of current and deferred income tax are recognized in the consolidated statement of profit or loss:

		Year ended 31 December	
	Notes	2023	2022
Deferred income tax		31,153,823	(85,172,584)
Credited / (charged) from deferred income tax assets to the consolidated statement of profit or loss	22.2	51,257,017	(23,178,375)
Charged from deferred income tax liabilities to the consolidated statement of profit or loss	22.3	(20,103,194)	(61,994,209)
Current income tax	42.4	(63,208,281)	(207,867,352)
Total income tax		**(32,054,458)**	**(293,039,936)**

Severance fees: The following components of current and deferred severance fees are recognized in the consolidated statement of profit or loss:

		Year ended 31 December	
	Notes	2023	2022
Deferred severance fees		31,615,717	-
Credited from deferred severance fees assets to the consolidated statement of profit or loss	22.5	494,558,743	-
Charged from deferred severance fees liabilities to the consolidated statement of profit or loss	22.6	(462,943,026)	-
Current severance fees		(402,163,519)	-
Provision for severance fees during the year	43	(465,470,411)	-
Less: classified under cost of sales	8	63,306,892	-
Total severance fees		**(370,547,802)**	**-**

The deferred income tax and deferred severance fees have arisen because of the temporary differences between the carrying value of certain items and their tax base. Following are the details of the deferred tax assets, liabilities and profit or loss charges and credits.

Deferred tax assets

		31 December	
	Notes	2023	2022
Deferred income tax assets	22.2	851,819,473	795,766,671
Deferred severance fees assets	22.5	494,558,743	-
Total deferred tax assets		**1,346,378,216**	**795,766,671**

Deferred tax liabilities

		31 December	
	Notes	2023	2022
Deferred income tax liabilities	22.3	1,125,694,293	1,106,378,472
Deferred severance fees liabilities	22.6	462,943,026	-
Total deferred tax liabilities		**1,588,637,319**	**1,106,378,472**

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22 Deferred income tax and severance fees (continued)

22.2 Deferred income tax assets

The balance comprises temporary differences attributable to:

	31 December	
	2023	2022
Tax losses	781,615,115	740,861,960
Allowance for obsolete and slow moving spare parts and consumable materials	4,598,199	5,182,177
Property, plant and equipment, capital work-in-progress, intangible assets and right-of-use assets	18,517,169	6,371,802
Provision for decommissioning, site rehabilitation and dismantling obligations	1,581,384	4,217,074
Employees' end of service termination benefits obligation	22,354,970	21,559,080
Provision for research and development and others	8,218,486	9,399,630
Foreign currency translation movement	14,934,150	8,174,948
Total deferred tax assets	**851,819,473**	**795,766,671**

The movement in net deferred tax assets during the year is as follows:

		Year ended 31 December	
	Note	2023	2022
1 January		795,766,671	824,596,191
Credited / (charged) to the consolidated statement of profit or loss during the year	22.1	51,257,017	(23,178,375)
Foreign currency translation movement credited / (charged) to the consolidated statement of other comprehensive income during the year		4,795,785	(5,651,145)
31 December		**851,819,473**	**795,766,671**

22.3 Deferred income tax liabilities

The balance comprises temporary differences attributable to:

	31 December	
	2023	2022
Property, plant and equipment, capital work-in-progress and intangible assets	1,125,694,293	1,106,378,472

The movement in net deferred tax liabilities during the year is as follows:

		Year ended 31 December	
	Note	2023	2022
1 January		1,106,378,472	1,047,205,022
Charged to the consolidated statement of profit or loss during the year	22.1	20,103,194	61,994,209
Foreign currency translation movement credited to the consolidated statement of other comprehensive income during the year		(787,373)	(2,820,759)
31 December		**1,125,694,293**	**1,106,378,472**

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22.4 Reconciliation of income tax

The reconciliation of income tax at the Kingdom of Saudi Arabia's statutory rates to consolidated income tax and zakat expense is as follows:

	Year ended 31 December	
	2023	2022
Profit before zakat, income tax and severance fees	2,591,987,443	13,017,594,457
Less: Income subject to zakat	(2,925,884,291)	(11,686,422,999)
(Loss) / income subject to income tax	(333,896,848)	1,331,171,458
Income taxes at the Kingdom of Saudi Arabia's statutory tax rates	(66,779,370)	266,234,292
Income not subject to tax at statutory rates and other	98,833,828	26,805,644
	32,054,458	**293,039,936**

22.5 Deferred severance fees assets

The balance comprises temporary differences attributable to:

	31 December	
	2023	2022
Carried forward losses	352,917,431	-
Allowance for obsolete and slow moving spare parts and consumable materials	4,368,082	-
Property, plant and equipment, capital work-in-progress, intangible assets and right-of-use assets	22,652,294	-
Provision for decommissioning, site rehabilitation and dismantling obligations	58,534,014	-
Employees' end of service termination benefits obligation	56,086,922	-
Total deferred severance fees assets	**494,558,743**	**-**

The movement in net deferred severance fees assets during the year is as follows:

		Year ended 31 December	
	Note	2023	2022
1 January		-	-
Credited to the consolidated statement of profit or loss during the year	22.1	494,558,743	-
31 December		**494,558,743**	**-**

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22 Deferred income tax and severance fees (continued)

22.6 Deferred severance fees liabilities

The balance comprises temporary differences attributable to:

	31 December	
	2023	2022
Property, plant and equipment, capital work-in-progress and intangible assets	462,943,026	-

The movement in net deferred severance fees liabilities during the year is as follows:

		Year ended 31 December	
	Note	2023	2022
1 January		-	-
Charged to the consolidated statement of profit or loss during the year	22.1	462,943,026	-
31 December		462,943,026	-

23 Investment in securities

Investment in securities at year end comprise of following:

		31 December	
	Notes	2023	2022
Investment in equity securities	23.1	445,407,001	-
Investment in debt securities	23.2	36,266,000	36,266,000
Total		481,673,001	**36,266,000**

23.1 Investment in equity securities

Investment at fair value through other comprehensive income – listed securities

As a result of Heads of Terms agreement (HoT) between Ma'aden and Ivanhoe Electric Inc. (IE), a company incorporated in Delaware, on 15 May 2023, Ma'aden executed Common Stock Subscription Agreement with IE to acquire 9.9% equity interest in IE. During the period, Ma'aden concluded the acquisition in IE with an investment of SAR 477 million representing 9.9% equity interest in IE. Under the HoT, the proceeds paid by Ma'aden for the 9.9% equity interest in IE will be (i) invested in the working capital and general corporate use of IE, (ii) used to purchase Typhoon™ units and (iii) contributed towards the exploration of prospective land to be provided by Ma'aden for metallic minerals within the Kingdom of Saudi Arabia. The Group has accounted for this acquisition as an investment at fair value through other comprehensive income. During the year, on 23 October 2023, Ma'aden entered into a top-up subscription agreement with IE to subscribe additional issuance of shares to maintain its 9.9% equity interest against consideration of SAR 77 million.

	Principal business sector	Country of incorporation	Ownership interest	
			31 December 2023	31 December 2023
Ivanhoe Electric Inc. (IE)	Mineral exploration and development	United States of America	9.9%	-

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The components of the change in the investment in equity securities at fair value through other comprehensive income during the year is as follows:

		Year ended 31 December	
	Note	2023	2022
1 January		-	-
Acquisition		553,394,897	-
Change in fair value		(107,987,896)	-
31 December	48	445,407,001	-

Equity investment designated at FVOCI is not held for trading. Instead, it is held for medium to long-term strategic purposes. Accordingly, management has elected to designate this equity investment at FVOCI as recognizing short-term fluctuations in this investment's fair value would not be consistent with the Group's strategy of holding this investment for long-term purposes and realizing its performance potential in the long run.

23.2 Investment in debt securities

Investment in debt securities at amortized cost

The components of the change in the investment in debt securities during the year is as follows:

		Year ended 31 December	
	Note	2023	2022
1 January		36,266,000	37,231,000
Settlement during the year		-	(965,000)
31 December	48	36,266,000	**36,266,000**

This investment is a non-derivative financial asset with a fixed maturity that the Group has the intention and the ability to hold to maturity and which do not qualify as loans or receivables. This investment is classified as non-current assets based on its maturity, and initially recognized at fair value. At subsequent reporting dates, this financial asset is measured at amortized cost less any impairment losses.

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24 Other non-current assets

	Notes	31 December 2023	2022
Revolving loan transaction cost		**54,000,000**	-
Less: Current portion of revolving loan transaction cost	25	**(13,500,000)**	-
Sub-total		**40,500,000**	**-**
Stockpile of mined ore		**664,598,285**	588,488,482
Less: Current portion of stockpile of mined ore	26	**(509,526,001)**	(424,075,830)
Sub-total		**155,072,284**	**164,412,652**
Employees' home ownership program receivables		**762,521,469**	820,318,604
Less: Repaid during the year		**(50,263,430)**	(57,797,135)
		712,258,039	**762,521,469**
Less: Current portion of employees' home ownership program receivables	27	**(71,226,491)**	(67,527,894)
Sub-total		**641,031,548**	**694,993,575**
Home ownership program – furniture loan		**1,558,665**	1,874,498
Others		**80,965,971**	22,135,905
Total		**919,128,468**	**883,416,630**

25 Advances and prepayments

	Notes	31 December 2023	2022
Advances to contractors		**273,819,934**	302,311,573
Advances to employees		**5,419,251**	2,398,774
Advance tax		**24,628,188**	-
Advance severance fees	43	**-**	34,974,075
Prepaid rent		**4,880,716**	7,838,146
Prepaid insurance		**12,739,307**	133,381,711
Revolving loan transaction cost	24	**13,500,000**	-
Other prepayments		**6,436,410**	3,137,071
Total		**341,423,806**	**484,041,350**

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26 Inventories

	Notes	31 December 2023	2022
Saleable inventory			
Finished goods – ready for sale		**1,346,161,485**	1,826,820,077
Cost of finished goods		**1,355,620,220**	1,863,991,483
Less: Inventory written-off to net realizable value		**(9,458,735)**	(37,171,406)
Work-in-process		**1,018,620,482**	961,836,410
Cost of work-in-process		**1,022,696,551**	993,117,406
Less: Inventory written-off to net realizable value		**(4,076,069)**	(31,280,996)
Current portion of stockpile of mined ore		**509,526,001**	424,075,830
Cost of stockpile of mined ore	24	**509,526,001**	424,075,830
Less: Inventory written-off to net realizable value		**-**	-
By-products		**5,090,850**	3,093,369
Sub-total	**8**	**2,879,398,818**	**3,215,825,686**
Consumable inventory			
Spare parts and consumables materials			
1 January		**2,463,071,602**	2,363,859,562
Net additions during the year		**1,013,884,566**	99,212,040
31 December		**3,476,956,168**	2,463,071,602
Allowance for obsolete and slow-moving spare parts and consumable materials	26.1	**(94,895,535)**	(113,801,168)
Written-off		**(10,959,068)**	-
		3,371,101,565	**2,349,270,434**
Raw materials		**949,733,537**	1,309,135,123
Cost of raw materials		**949,733,537**	1,309,135,123
Less: provision for net realizable value		**-**	-
Sub-total		**4,320,835,102**	**3,658,405,557**
Total		**7,200,233,920**	**6,874,231,243**

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26 Inventories (continued)

26.1 Movement in the allowance for obsolete and slow moving spare parts and consumable materials is as follows:

		Year ended 31 December	
	Notes	2023	2022
1 January		113,801,168	106,211,788
(Decrease) / increase in allowance for obsolescence, net	8	(18,905,633)	7,589,380
31 December	5.2,26	94,895,535	**113,801,168**

27 Trade and other receivables

		31 December	
	Notes	2023	2022
Trade receivables			
Other third party receivables		4,227,130,996	5,217,459,383
Less: ECL allowance	27.1	(40,995,949)	(21,340,249)
		4,186,135,047	**5,196,119,134**
Due from SABIC	44.3	413,138,347	395,144,395
Due from The Mosaic Company	44.3	250,407,996	275,937,379
Due from Alcoa Inespal, S.A.	44.3	221,865,958	266,737,806
Sub-total	46.1.3, 46.2	5,071,547,348	**6,133,938,714**
Due from MBCC	44.3	168,124	141,818
Due from Manara		4,809,655	-
Due from IE		1,124,921	-
Due from Saudi Arabian Oil Company ("Saudi Aramco")	44.3	172,673,628	619,914,001
Due from Saudi Ports Authority and Royal Commission		1,690,646	2,938,989
Insurance claim receivable	17	20,602,428	194,481,832
Current portion of employees' home ownership program receivables	24	71,226,491	67,527,894
VAT receivable from regulatory authorities		580,855,506	288,474,363
Other		120,980,225	61,515,884
Total	48	6,045,678,972	**7,368,933,495**

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27.1 Movement in ECL allowance

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
1 January		21,340,249	24,461,554
Increase / (decrease) in allowance for expected credit losses, net	11	19,655,700	(3,121,305)
31 December	27,46.2	40,995,949	21,340,249

28 Time deposits

	Notes	31 December 2023	31 December 2022
Time deposits with original maturities of more than three months and less than a year at the date of acquisition	46.3,47	4,930,238,962	9,956,250,000
Time deposits with original maturities of more than three months and less than a year at the date of acquisition (restricted)	39.2	669,385	-
Less: ECL allowance	28.1	(1,606,335)	(5,086,789)
		4,929,302,012	9,951,163,211
Investment income receivable		105,056,957	83,471,006
Total	48	5,034,358,969	**10,034,634,217**

Time deposits yield financial income at prevailing market prices.

28.1 Movement in ECL allowance

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
1 January	46.2	5,086,789	2,201,194
(Reversal) / increase in allowance for expected credit losses	10,46.2	(3,480,454)	2,885,595
31 December	28	1,606,335	**5,086,789**

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29 Cash and cash equivalents

	Notes	31 December 2023	31 December 2022
Unrestricted			
Time deposits with original maturities equal to or less than three months at the date of acquisition		**8,691,323,711**	4,474,824,039
Cash and bank balances		**1,609,556,746**	1,654,250,192
Sub-total	46.3,47	**10,300,880,457**	6,129,074,231
Restricted			
Cash and bank balances	39.2	**235,979,898**	209,169,954
Total	48	**10,536,860,355**	**6,338,244,185**

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

30 Share capital

		Notes	31 December 2023	31 December 2022
Authorized, issued and fully paid				
2,461,182,292	Ordinary shares with a nominal value of SAR 10 per share		**24,611,822,920**	24,611,822,920
1,230,591,146	Ordinary shares with a nominal value of SAR 10 per share, following the issuance of bonus shares	30.1	**12,305,911,460**	-
3,691,773,438	**Total**	1,15	**36,917,734,380**	**24,611,822,920**

30.1 Issuance of bonus shares

On 12 February 2023, the Board of Directors of the Group recommended to the shareholders to increase the Company's capital from SAR 24,611,822,920 as of 31 December 2022 to SAR 36,917,734,380 by granting bonus shares (1 share for every 2 shares owned). The increase in the paid-up capital of SAR 12,305,911,460 was recommended to be capitalized from statutory reserve and remaining part from retained earnings.

The recommended grant of bonus shares was approved by the shareholders in their Extraordinary General Assembly on 7 June 2023 and the related legal formalities for issuance of such bonus shares were completed.

31 Share premium

On 24 February 2022, the Board of Directors of the Group recommended to the Extraordinary General Assembly to increase the Company's capital from SAR 12,305,911,460 to SAR 24,611,822,920 by granting bonus shares (1 share for every 1 share owned). The increase in the paid-up capital of SAR 12,305,911,460 was recommended to be capitalized from share premium and remaining part from retained earnings.

The recommended grant of bonus shares was approved by the Extraordinary General Assembly on 30 May 2022 and the related legal formalities for issuance of such bonus shares were completed in June 2022.

As a result during the year 2022, share premium was fully utilized against issuance of bonus shares.

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32 Statutory reserve

	Year ended 31 December 2023	Year ended 31 December 2022
1 January	**2,508,926,200**	1,577,021,485
Issuance of bonus shares (Note 30.1)	**(2,508,926,200)**	-
Transfer of 10% of net profit for the year	**157,732,649**	931,904,715
31 December	**157,732,649**	**2,508,926,200**

In accordance with the Company's By-Laws, the Company has established a statutory reserve by the appropriation of 10% of its annual net profit until such reserve equals 30% of the share capital.

33 Other reserves

	Notes	31 December 2023	31 December 2022
Attributable to ordinary shareholders of the parent company			
Accumulated gains on cash flow hedge reserve	38	**(30,925,774)**	(90,068,111)
Accumulated loss on exchange differences on translation		**146,332,649**	148,183,889
Put option on non-controlling interest	40.2	**33,099,589**	53,859,889
Equity-settled employees' share-based payment plan	33.1	**(19,387,129)**	-
Investment at fair value through other comprehensive income	23.1	**107,987,896**	-
Share of other non-distributable reserves		**8,189,290**	8,189,290
Sub-total		**245,296,521**	**120,164,957**
Attributable to non-controlling interest			
Accumulated gains on cash flow hedge reserve	38	**(10,363,643)**	(30,183,038)
Accumulated loss on exchange differences on translation		**20,782,502**	19,029,360
Share of other non-distributable reserves		**1,445,169**	1,445,169
Sub-total		**11,864,028**	**(9,708,509)**
Total		**257,160,549**	**110,456,448**

33.1 Employees' share-based payment plan

On 7 June 2023, the shareholders of the Company approved the Employees Stock Incentive Program ("Plan") for the benefit of certain eligible senior executives of the Group (the "Participants"). The Plan entitles the Participants a conditional right to receive number of Restricted Stock Units ("RSUs") and Performance Stock Units ("PSUs") (each unit equal to the value of one share of the Company), following the satisfaction of service and performance conditions as mentioned below. The service vesting period under the Plan is three years.

PSUs: The number of shares that will vest under PSUs will depend upon the completion of three years' service period with the Group and on the Group's performance against certain market conditions at the end of the third year. The fair values of PSUs were estimated using an appropriate valuation method.

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33 Other reserves (continued)

33.1 Employees' share-based payment plan (continued)

RSUs: The number of shares that will vest under RSUs will depend upon the completion of three years' service period with the Group. The fair values of RSUs were determined by reference to the market values of the Company's ordinary shares on the grant dates.

The total expense recognized for employees' services received during the year ended 31 December 2023 under the Plan amounted to SAR 19.4 million and is recognized as "salaries and staff related benefits" in the consolidated statement of profit or loss with a corresponding increase in the consolidated statement of changes in equity under the "Other reserves".

33.2 Treasury shares

Treasury shares are recognized as a deduction from equity at the amount of consideration paid by the Company for their acquisition, including any directly attributable transaction costs incurred.

On 7 June 2023, the Company's shareholders in their Extraordinary General Assembly Meeting approved buy-back of 2,170,767 treasury shares under the Plan for the benefit of certain eligible senior executives of the Group. During the quarter ended 31 December 2023, the Group purchased 1,877,804 shares at prevailing market rates. As at 31 December 2023, the Group holds 1,877,804 shares.

34 Non-controlling interest

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

34.1 Summarized statement of financial position

Non-controlling % interest in	Note	MAC 25.1% (Note 2.7)	MBAC 25.1% (Note 2.8)	MPC 30% (Note 2.9)	MWSPC 40% (Note 2.10)	Meridian 3.75% (Note 2.5)	Total
31 December 2023							
Non-current assets		15,301,935,868	11,542,563,116	12,085,017,860	23,728,598,074	330,052,331	62,988,167,249
Current assets		4,277,347,219	1,027,249,793	6,665,421,227	5,585,169,046	1,679,475,336	19,234,662,621
Total assets		19,579,283,087	12,569,812,909	18,750,439,087	29,313,767,120	2,009,527,667	82,222,829,870
Non-current liabilities		9,468,821,558	6,876,428,349	4,551,267,316	14,549,291,363	53,510,133	35,499,318,719
Current liabilities		4,163,444,139	1,830,691,547	2,002,646,049	3,445,138,743	1,564,335,109	13,006,255,587
Total liabilities		13,632,265,697	8,707,119,896	6,553,913,365	17,994,430,106	1,617,845,242	48,505,574,306
Net assets of the subsidiary company		5,947,017,390	3,862,693,013	12,196,525,722	11,319,337,014	391,682,425	33,717,255,564
Share of net assets		1,492,701,365	969,535,946	3,658,957,717	4,527,734,806	14,688,091	10,663,617,925
Zakat, income tax and severance fees impact		(82,796,215)	(82,148,449)		(106,843,500)		(271,788,164)
Net impact of non-controlling interest acquired through business combination		-	-	-	-	139,357	139,357
Net assets attributable to non-controlling interest	34.4	1,409,905,150	887,387,497	3,658,957,717	4,420,891,306	14,827,448	10,391,969,118

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Non-controlling % interest in	Note	MAC 25.1% (Note 2.7)	MBAC 25.1% (Note 2.8)	MPC 30% (Note 2.9)	MWSPC 40% (Note 2.10)	Meridian 7.5% (Note 2.5)	Total
31 December 2022							
Non-current assets		15,134,784,512	11,137,226,216	12,326,920,443	24,144,105,536	324,007,785	63,067,044,492
Current assets		5,356,882,867	1,304,625,802	6,201,180,276	7,432,280,375	2,417,084,009	22,712,053,329
Total assets		20,491,667,379	12,441,852,018	18,528,100,719	31,576,385,911	2,741,091,794	85,779,097,821
Non-current liabilities		9,581,203,510	6,632,897,610	4,049,437,619	17,535,437,190	218,318,443	38,017,294,372
Current liabilities		3,153,539,861	1,550,927,243	1,534,962,121	3,346,034,164	2,020,618,351	11,606,081,740
Total liabilities		12,734,743,371	8,183,824,853	5,584,399,740	20,881,471,354	2,238,936,794	49,623,376,112
Net assets of the subsidiary company		7,756,924,008	4,258,027,165	12,943,700,979	10,694,914,557	502,155,000	36,155,721,709
Share of net assets		1,946,987,926	1,068,764,818	3,883,110,294	4,277,965,823	37,661,625	11,214,490,486
Zakat, income tax and severance fees impact		(123,342,704)	(13,181,144)	-	(107,579,854)	-	(244,103,702)
Net impact of non-controlling interest acquired through business combination		-	-	-	-	278,715	278,715
Net assets attributable to non-controlling interest	34.4	1,823,645,222	1,055,583,674	3,883,110,294	4,170,385,969	37,940,340	10,970,665,499

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34 Non-controlling interest (continued)

34.2 Summarized statement of profit or loss and other comprehensive income

Non-controlling % interest in	Note	MAC 25.1% (Note 2.7)	MBAC 25.1% (Note 2.8)	MPC 30% (Note 2.9)	MWSPC 40% (Note 2.10)	Meridian 3.75% (Note 2.5)	Total
For the year ended 31 December 2023							
Sales		7,856,173,216	2,429,306,006	6,770,362,260	7,313,593,486	2,265,992,613	26,635,427,581
(Loss) / profit before zakat, income tax and severance fees		(1,552,944,730)	(679,514,079)	1,288,123,162	1,292,145,670	(96,586,754)	251,223,269
Zakat, income tax and severance fees for the year		19,541,442	313,895,086	(526,496,601)	(297,050,884)	(13,983,935)	(504,094,892)
Other comprehensive (loss) / income for the year:							
Cash flow hedge – changes in fair value and transfer to profit or loss, net	38	(48,655,995)	(30,305,737)	-	-	-	(78,961,732)
(Loss) / gain attributable to the re-measurements of employees' end of service termination benefits obligation		(1,782,835)	590,577	(8,801,819)	4,327,669	-	(5,666,408)
Gain on exchange differences on translation		-	-	-	-	98,098	98,098
Total comprehensive (loss) / income for the year		(1,583,842,118)	(395,334,153)	752,824,742	999,422,455	(110,472,591)	(337,401,665)
Total comprehensive (loss) / income attributable to non-controlling interest:							
Share of (loss) / profit before zakat, income tax and severance fees for the year		(389,789,127)	(170,558,034)	386,436,949	516,858,268	(1,141,412)	341,806,644
Share of zakat, income tax and severance fees for the year		45,451,392	9,820,362	(157,948,980)	(118,083,999)	(638,920)	(221,400,145)
Share of (loss) / profit for the year		(344,337,735)	(160,737,672)	228,487,969	398,774,269	(1,780,332)	120,406,499
Share of other comprehensive (loss) / income for the year:							
Cash flow hedge – changes in fair value and transfer to profit or loss, net	38	(12,212,655)	(7,606,740)	-	-	-	(19,819,395)
(Loss) / gain attributable to the re-measurements of employees' end of service termination benefits obligation		(447,492)	148,235	(2,640,546)	1,731,068	-	(1,208,735)
Loss on exchange differences on translation		-	-	-	-	(1,753,142)	(1,753,142)
Total	34.4	(356,997,882)	(168,196,177)	225,847,423	400,505,337	(3,533,474)	97,625,227

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Non-controlling % interest in	Note	MAC 25.1% (Note 2.7)	MBAC 25.1% (Note 2.8)	MPC 30% (Note 2.9)	MWSPC 40% (Note 2.10)	Meridian 7.5% (Note 2.5)	Total
For the year ended 31 December 2022							
Sales		10,046,698,348	2,362,768,332	10,700,934,160	10,313,104,267	2,752,633,710	36,176,138,817
Profit / (loss) before zakat, income tax and severance fees		784,763,802	(638,252,802)	5,022,109,532	3,784,777,019	348,202,947	9,301,600,498
Zakat, income tax and severance fees for the year		(118,924,428)	14,072,898	(152,334,857)	(307,850,683)	(95,164,062)	(660,201,132)
Other comprehensive income / (loss) for the year:							
Cash flow hedge – changes in fair value and transfer to profit or loss, net	38	238,493,626	84,720,503	-	-	-	323,214,129
Loss attributable to the re-measurements of employees' end of service termination benefits obligation		(6,414,940)	(2,246,318)	(5,548,668)	(3,405,856)	-	(17,615,782)
Loss on exchange differences on translation		-	-	-	-	(94,482,149)	(94,482,149)
Total comprehensive income / (loss) for the year		897,918,060	(541,705,719)	4,864,226,007	3,473,520,480	158,556,736	8,852,515,564
Total comprehensive income attributable to non-controlling interest:							
Share of profit / (loss) before zakat, income tax and severance fees for the year		196,975,714	(160,201,453)	1,506,632,860	1,513,910,808	26,115,221	3,083,433,150
Share of zakat, income tax and severance fees for the year		(27,589,786)	21,511,008	(45,700,457)	(215,007,814)	(7,137,305)	(273,924,354)
Share of profit / (loss) for the year		169,385,928	(138,690,445)	1,460,932,403	1,298,902,994	18,977,916	2,809,508,796
Share of other comprehensive income / (loss) for the year:							
Cash flow hedge – changes in fair value and transfer to profit or loss, net	38	59,861,900	21,264,846	-	-	-	81,126,746
Loss attributable to the re-measurements of employees' end of service termination benefits obligation		(1,610,150)	(563,826)	(1,664,600)	(1,362,342)	-	(5,200,918)
Loss on exchange differences on translation		-	-	-	-	(7,086,161)	(7,086,161)
Total	34.4	227,637,678	(117,989,425)	1,459,267,803	1,297,540,652	11,891,755	2,878,348,463

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34 Non-controlling interest (continued)

34.3 Summarized cash flows

Non-controlling % interest in	MAC 25.1% (Note 2.7)	MBAC 25.1% (Note 2.8)	MPC 30% (Note 2.9)	MWSPC 40% (Note 2.10)	Meridian 3.75% (Note 2.5)
For the year ended 31 December 2023					
Cash flows from operating activities	(230,184,573)	(192,686,726)	2,517,745,433	2,470,311,681	(21,690,554)
Cash flows from investing activities	322,363,135	(125,528,118)	481,207,429	1,476,008,405	(54,519,893)
Cash flows from financing activities	(438,831,154)	66,712,737	(1,520,250,554)	(4,024,774,666)	5,743,316
Net (decrease) / increase in the cash and cash equivalents	(346,652,592)	(251,502,107)	1,478,702,308	(78,454,580)	(70,467,131)
For the year ended 31 December 2022					
Cash flows from operating activities	2,097,004,216	322,337,673	5,442,113,808	4,130,031,783	(90,594,700)
Cash flows from investing activities	(1,427,959,773)	(87,761,993)	(2,033,184,282)	(3,023,516,461)	(58,277,900)
Cash flows from financing activities	(1,356,020,564)	(869,102,708)	(3,767,873,475)	(1,134,853,042)	142,559,514
Net decrease in the cash and cash equivalents	(686,976,121)	(634,527,028)	(358,943,949)	(28,337,720)	(6,313,086)

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34.4 Movement of non-controlling interest

Non-controlling % interest in	Note	MAC 25.1% (Note 2.7)	MBAC 25.1% (Note 2.8)	MPC 30% (Note 2.9)	MWSPC 40% (Note 2.10)	Meridian 3.75% (Note 2.5)	Total
1 January 2022		1,596,007,544	1,173,573,099	2,648,842,491	2,872,845,317	26,048,585	8,317,317,036
Share of total comprehensive income / (loss) for the year	34.2	227,637,678	(117,989,425)	1,459,267,803	1,297,540,652	11,891,755	2,878,348,463
Dividend during the year	44.1	-	-	(225,000,000)	-	-	(225,000,000)
31 December 2022	34.1	1,823,645,222	1,055,583,674	3,883,110,294	4,170,385,969	37,940,340	10,970,665,499
Share of total comprehensive (loss) / income for the year	34.2	(356,997,882)	(168,196,177)	225,847,423	400,505,337	(3,533,474)	97,625,227
Dividend during the year	44.1	(56,742,190)	-	(450,000,000)	(150,000,000)	-	(656,742,190)
Acquisition during the year	40.2	-	-	-	-	(19,579,418)	(19,579,418)
31 December 2023	34.1	1,409,905,150	887,387,497	3,658,957,717	4,420,891,306	14,827,448	10,391,969,118

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35 Long-term borrowings

The Group has entered into long-term financing arrangements with various lenders. These financing arrangements limit the creation of additional liens and/or financing obligations and certain of these arrangements are secured over certain property, plant and equipment, and other non-current assets of the Group. Facilities utilized by the Group as of 31 December are as follows:

		Total borrowings					Current portion			Non-current
31 December 2023	**Notes**	**Principal**	**Transaction cost**	**Net borrowings**	**Accrued finance cost**	**Total**	**Principal**	**Finance cost**	**Total**	**portion**
Conventional:										
PIF	35.1	**5,855,609,420**	**(93,112,490)**	**5,762,496,930**	**81,006,219**	**5,843,503,149**	**(231,417,346)**	**(81,006,219)**	**(312,423,565)**	**5,531,079,584**
The General Organization for Social Insurance ("GOSI")	35.2	**4,878,972,197**	**(39,836,044)**	**4,839,136,153**	**-**	**4,839,136,153**	**(85,155,694)**	**-**	**(85,155,694)**	**4,753,980,459**
Financial institutions	35.3	**1,591,358,094**	**-**	**1,591,358,094**	**18,002,005**	**1,609,360,099**	**(1,572,387,702)**	**(18,002,005)**	**(1,590,389,707)**	**18,970,392**
Shari'a compliant:		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Murabaha	35.4	**13,079,783,035**	**(74,622,664)**	**13,005,160,371**	**92,856,523**	**13,098,016,894**	**(1,005,025,640)**	**(92,856,523)**	**(1,097,882,163)**	**12,000,134,731**
Saudi Industrial Development Fund ("SIDF")	35.5	**5,095,000,000**	**(267,537,204)**	**4,827,462,796**	**20,702,847**	**4,848,165,643**	**(535,000,000)**	**(20,702,847)**	**(555,702,847)**	**4,292,462,796**
Sukuk	35.6	**3,500,000,000**	**(825,483)**	**3,499,174,517**	**97,112,450**	**3,596,286,967**	**-**	**(97,112,450)**	**(97,112,450)**	**3,499,174,517**
Murabaha working capital	35.7	**1,875,000,000**	**(113,915)**	**1,874,886,085**	**14,028,882**	**1,888,914,967**	**(346,693,750)**	**(14,028,882)**	**(360,722,632)**	**1,528,192,335**
Wakala	35.8	**1,594,947,826**	**(10,441,015)**	**1,584,506,811**	**-**	**1,584,506,811**	**(29,508,864)**	**-**	**(29,508,864)**	**1,554,997,947**
Total		**37,470,670,572**	**(486,488,815)**	**36,984,181,757**	**323,708,926**	**37,307,890,683**	**(3,805,188,996)**	**(323,708,926)**	**(4,128,897,922)**	**33,178,992,761**

		Total borrowings					Current portion			Non-current
31 December 2022	**Notes**	**Principal**	**Transaction cost**	**Net borrowings**	**Accrued finance cost**	**Total**	**Principal**	**Finance cost**	**Total**	**portion**
Conventional:										
PIF	35.1	6,495,332,755	(106,453,717)	6,388,879,038	56,894,807	6,445,773,845	(234,079,862)	(56,894,807)	(290,974,669)	6,154,799,176
The General Organization for Social Insurance ("GOSI")	35.2	6,279,834,724	(37,036,193)	6,242,798,531	-	6,242,798,531	(116,158,299)	-	(116,158,299)	6,126,640,232
Financial institutions	35.3	1,821,777,564	(3,178,849)	1,818,598,715	14,185,726	1,832,784,441	(925,402,235)	(14,185,726)	(939,587,961)	893,196,480
Shari'a compliant:										
Murabaha	35.4	15,423,283,633	(89,088,306)	15,334,195,327	79,159,695	15,413,355,022	(1,016,671,637)	(79,159,695)	(1,095,831,332)	14,317,523,690
Saudi Industrial Development Fund ("SIDF")	35.5	5,675,000,000	(328,700,313)	5,346,299,687	14,072,584	5,360,372,271	(580,000,001)	(14,072,584)	(594,072,585)	4,766,299,686
Sukuk	35.6	3,500,000,000	(1,535,268)	3,498,464,732	61,760,340	3,560,225,072	-	(61,760,340)	(61,760,340)	3,498,464,732
Murabaha working capital	35.7	346,693,750	(589,232)	346,104,518	381,006	346,485,524	-	(381,006)	(381,006)	346,104,518
Wakala	35.8	2,002,835,801	(14,077,059)	1,988,758,742	77,978	1,988,836,720	(39,842,000)	(77,978)	(39,919,978)	1,948,916,742
Total		**41,544,758,227**	**(580,658,937)**	**40,964,099,290**	**226,532,136**	**41,190,631,426**	**(2,912,154,034)**	**(226,532,136)**	**(3,138,686,170)**	**38,051,945,256**

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35 Long-term borrowings (continued)

35.1 PIF

The Group had entered into a Common Terms Agreements ("CTA") with PIF with a total approved facility of SAR 7,781,625,000. The amounts borrowed are repayable in semi-annual installments from June 2019 to June 2032. The commission is payable on the amount of the borrowing drawdowns and is mainly calculated at a market rate plus a margin.

35.2 GOSI

The Group had entered into a CTA with GOSI with a total approved facility of SAR 6,599,903,363. The amounts borrowed are repayable in semi-annual installments from June 2022 to June 2035. The commission is payable on the amount of the borrowing drawdowns and is mainly calculated at a market rate plus a margin.

35.3 Financial institutions

The Group has commercial and other facility agreements with a number of financial institutions. The facilities are primarily repayable in monthly and semi-annual installments from 2017 to 2025. The commission is payable on the amount of the borrowing drawdowns and is mainly calculated at a market rate plus a margin.

35.4 Murabaha

The Group has various Murabaha Shari'a compliant borrowings from a number of financial institutions. The amounts borrowed are repayable in semi-annual installments from December 2016 to June 2035. The commission is payable on the amount of the borrowing drawdowns and is mainly calculated at a market rate plus a margin.

35.5 SIDF

The Group has various borrowing agreements with the SIDF. The amounts borrowed are repayable in semi-annual installments from July 2016 to July 2032. The commission is payable on the amount of the borrowing drawdowns and is mainly calculated at a market rate plus a margin.

35.6 Sukuk

The Group has entered into a Shari'a compliant Sukuk Facility Agreement ("SFA") with Sukuk facility participants. The Sukuk provides a return based on Saudi Arabian Interbank Offered Rate ("SAIBOR") plus a pre-determined margin payable in February and August of each year. The Sukuk matures on 20 February 2025.

35.7 Murabaha working capital

The Group has entered into Murabaha Shari'a compliant working capital facilities from a number of financial institutions. The amounts borrowed are repayable as one-time repayment which are due during the year 2024 to 2027. The commission is payable on the amount of the borrowing drawdowns and is mainly calculated at a market rate plus a margin.

During 2023, the Group entered into new Murabaha working capital facility from a number of financial institutions amounting to SAR 1,125,000,000. The amounts borrowed are payable as one-time repayment during the year 2027.

An amount of SAR 500,000,000 was undrawn as of 31 December 2023 under these facilities.

35.8 Wakala

The Group has Shari'a compliant Islamic facility agreements with a number of lenders. The facilities utilize a Wakala financing structure which is an agency arrangement. The facilities are repayable in installments on a semi-annual basis, from July 2019 to July 2035. The profit is payable on the amounts of the lease base and is mainly calculated at a market rate plus a mark-up.

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35.9 Syndicated revolving credit facility

On 18 December 2022, the Company renewed its financing agreements revising the total revolving credit facility amount from SAR 7.5 billion to SAR 11.25 billion. Repayment of the loan is five years from the date of signing of the agreement. This revolver facility is with a syndicate of local and international financial institutions. The commission is payable on the amount of the borrowing drawdowns and is mainly calculated at a market rate plus a margin. The entire amount of this facility was undrawn as of 31 December 2023.

35.10 Maturity profile of principal portion of long-term borrowings

	31 December 2023	31 December 2022
2023	-	2,912,154,034
2024	**3,805,188,996**	3,047,164,828
2025	**6,031,505,638**	6,292,662,087
2026	**2,475,156,716**	2,690,985,030
2027	**4,524,581,074**	4,780,303,971
2028	**3,099,458,716**	3,118,675,591
2029 thereafter	**17,534,779,432**	18,702,812,686
Total	**37,470,670,572**	**41,544,758,227**

35.11 Facilities' currency denomination

The Group's facilities have been contracted in United States Dollar (US$) and Saudi Riyals (SAR) and the drawdown balances of these facilities, represented in US$, are shown below:

	31 December 2023 (US$)	31 December 2022 (US$)
PIF (US$)	**1,561,495,846**	1,732,088,735
GOSI (US$)	**1,301,059,253**	1,674,622,593
Financial institutions – commercial (US$)	**424,362,158**	485,807,351
Murabaha (SAR)	**3,487,942,143**	4,112,875,636
SIDF (SAR)	**1,358,666,667**	1,513,333,333
Sukuk (SAR)	**933,333,333**	933,333,333
Murabaha working capital (SAR)	**500,000,000**	92,451,667
Wakala (SAR)	**425,319,420**	534,089,547
Total	**9,992,178,820**	11,078,602,195

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35 Long-term borrowings (continued)

35.12 Amortization of transaction cost

	Notes	31 December 2023	31 December 2022
Amortization of transaction cost	13	**94,170,122**	106,504,679
Less: Capitalized as part of capital work-in-progress	13.1,19	**(12,096,352)**	(14,118,436)
Total charged to finance cost		**82,073,770**	92,386,243

35.13 Security and compliance with covenants

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

	Notes	31 December 2023	31 December 2022
Mine properties	16.2	**7,495,739,265**	7,540,956,331
Property, plant and equipment	17.2	**19,150,898,448**	19,631,479,056
Capital work-in-progress	19.3	**870,110,243**	882,391,679
Total		**27,516,747,956**	**28,054,827,066**

Certain borrowing arrangements require compliance by the Company and its subsidiaries with covenants to maintain certain financial and other conditions. The Group is in compliance with these covenants as of 31 December 2023 and 2022.

36 Provision for decommissioning, site rehabilitation and dismantling obligations

	Notes	31 December 2023	31 December 2022
Plant dismantling and site rehabilitation	36.1	**1,262,344,657**	-
Gold mines	36.2	**645,329,609**	261,378,228
Bauxite mine	36.3	**269,031,441**	60,548,978
Phosphate mines	36.4	**243,629,856**	192,520,318
Low grade bauxite, kaolin and magnesite mines	36.5	**7,956,429**	7,748,617
Total		**2,428,291,992**	**522,196,141**

Decommissioning provisions are made for the mine closure, reclamation and dismantling obligation of the mines, plants and infrastructure. These obligations are expected to be incurred in the year in which the mine is expected to be closed and the plant and related infrastructure has completed its life as intended by the management.

Management estimates the provision based on management's understanding of the current legal requirements in the Kingdom of Saudi Arabia, the Group's environmental policy, terms of the license agreements and engineering estimates. The provision for decommissioning, site rehabilitation and dismantling obligations represents the present value of full amount of the estimated future closure and reclamation costs for the various operational mining and non-mining properties, based on information currently available including closure and dismantling plans, the Group's environmental policies and applicable regulations. Future changes, if any, in regulations and cost assumptions may be significant and will be recognized when determined.

During the year, the Group has reassessed its obligations and recognized the provision for plant dismantling and site rehabilitation for its mining and non-mining plants. See Note 5.3 "Changes in accounting estimates".

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During the year, the estimate of mine closure obligation was revised. The net effect of this change in the current period was an increase in provision for mine closure costs with a corresponding increase in mine closure assets under the mine properties of SAR 594 million and increase in other expenses, net under profit or loss of SAR 23 million. This change in estimate will result in a decrease in accretion of provision for mine decommissioning obligations and increase in depreciation of mine closure asset for future periods, however the net effect of such changes is not material for individual periods.

36.1 Plant dismantling and site rehabilitation

	Notes	Year Ended 31 December 2023	Year Ended 31 December 2022
1 January		**-**	-
Provision during the year	5.3,16,17	**1,243,294,969**	-
Adjustment arising from passage of time during the year	5.3,13	**19,049,688**	-
Total		**1,262,344,657**	-

The movement in the provision for mine decommissioning obligation for each of the mines along with the year in which they commenced commercial production and expected date of closure is as follows:

36.2 Gold mines

	Notes	As Suq mine	Mahad mine	Ad Duwayhi mine	Al-Amar mine	Sukhaybarat mine	Bulghah mine	Mansourah-Massarah mine	Hajar mine	Total
1 January 2022		18,101,507	28,363,352	59,361,376	19,901,072	24,075,893	42,603,148	-	-	192,406,348
Increase arising from passage of time during the year	13	237,221	296,177	905,113	260,804	437,986	822,756	-	-	2,960,057
(Decrease) / increase in provision during the year	16	(2,476,902)	(3,521,781)	(12,211,855)	(2,620,811)	(5,573,297)	(13,631,384)	106,047,853	-	66,011,823
31 December 2022	36	15,861,826	25,137,748	48,054,634	17,541,065	18,940,582	29,794,520	106,047,853	-	261,378,228
Increase arising from passage of time during the year	13	894,012	1,416,826	2,574,052	934,236	995,110	1,565,827	5,430,361	-	13,810,424
Increase in provision during the year	16	46,431,169	2,223,561	48,564,843	13,139,782	31,844,112	116,047,672	88,688,865	23,200,953	370,140,957
31 December 2023	36	**63,187,007**	**28,778,135**	**99,193,529**	**31,615,083**	**51,779,804**	**147,408,019**	**200,167,079**	**23,200,953**	**645,329,609**
Commenced commercial production in		2014	1988	2016	2008	1991	2001	-	2001	-
Expected closure date in		2023	2024	2031	2025	2042	2043	2039	2015	-

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

36.3 Bauxite mine

	Notes	Al-Ba'itha mine
1 January 2022		197,205,076
Increase arising from passage of time during the year	13	3,565,542
Decrease in provision during the year	16	(140,221,640)
31 December 2022	36	60,548,978
Increase arising from passage of time during the year	13	3,114,643
Increase in provision during the year	16	205,367,820
31 December 2023	36	**269,031,441**
Commenced commercial production in		2014
Expected closure date in		2063

36.4 Phosphate mines

	Notes	Al-Jalamid mine	Al-Khabra mine	Total
1 January 2022		101,887,984	129,328,664	231,216,648
Increase arising from passage of time during the year	13	2,378,402	4,460,842	6,839,244
Increase / (decrease) in provision during the year	16	25,992,000	(71,527,574)	(45,535,574)
31 December 2022	36	130,258,386	62,261,932	192,520,318
Increase arising from passage of time during the year	13	6,640,903	3,127,975	9,768,878
(Decrease) / increase in provision during the year	16	(14,208,615)	55,549,275	41,340,660
31 December 2023	36	**122,690,674**	**120,939,182**	**243,629,856**
Commenced commercial production in		2008	2017	
Expected closure date in		2053	2045	

36.5 Low grade bauxite, kaolin and magnesite mines

	Notes	Az-Zabirah mine	Al-Ghazallah mine	Madinah plants	Total
1 January 2022		2,173,407	100,572	2,740,107	5,014,086
Increase arising from passage of time during the year	13	72,699	3,500	109,450	185,649
Increase in provision during the year		844,003	916,852	788,027	2,548,882
31 December 2022	36	3,090,109	1,020,924	3,637,584	7,748,617
Increase arising from passage of time during the year	13	52,398	36,316	119,098	207,812
31 December 2023	36	**3,142,507**	**1,057,240**	**3,756,682**	**7,956,429**
Commenced commercial production in		2008	2011	2011	
Expected closure date in		2036	2057	2041	

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37 Lease liabilities

	Notes	31 December 2023	31 December 2022
Future minimum lease payments	37.1	**2,515,943,074**	2,672,252,474
Less: Future finance cost not yet due	37.2	**(781,538,723)**	(828,147,787)
Net present value of minimum lease payments	6.2, 46.3,48	**1,734,404,351**	1,844,104,687
Less: Current portion of lease liabilities shown under current liabilities		**(299,516,406)**	(265,729,416)
Long-term portion of lease liabilities		**1,434,887,945**	**1,578,375,271**

Maturity profile	31 December 2023	31 December 2022
Minimum lease payments falling due during the following years:		
2023	**-**	345,812,797
2024	**384,205,671**	296,705,429
2025	**273,852,830**	218,150,424
2026	**182,786,908**	162,371,766
2027	**92,540,736**	70,340,487
2028	**82,046,543**	82,046,543
2029 thereafter	**1,500,510,386**	1,496,825,028
Total	**2,515,943,074**	**2,672,252,474**

37.1 Movement in future minimum lease payments:

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
1 January		**2,672,252,474**	1,988,636,248
Additions during the year	18	**288,127,851**	1,091,003,241
Payments during the year		**(436,800,675)**	(457,584,710)
Adjustment		**(7,636,576)**	50,197,695
31 December	37	**2,515,943,074**	**2,672,252,474**

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37 Lease liabilities (continued)

37.2 Movement in future finance cost:

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
1 January		**(828,147,787)**	(744,755,525)
Additions during the year	18	**(25,987,727)**	(141,315,554)
Accretion of future finance cost during the year	13	**67,610,932**	60,952,845
Adjustment		**4,985,859**	(3,029,553)
31 December	37	**(781,538,723)**	**(828,147,787)**

The future minimum lease payments have been discounted, using an effective interest rate of approximately 2.4% to 5.07% per annum, to its present value.

38 Derivative financial instruments

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
1 January		**(133,036,559)**	229,266,382
Net accrual / (reversal) of derivative interest		**2,234,733**	(39,088,812)
(Reversal) / accrual during the year	13	**(96,380,409)**	56,112,449
Received / (paid) during the year		**98,615,142**	(95,201,261)
Loss / (gain) in fair value of hedge instrument	34.2	**78,961,732**	(323,214,129)
31 December	46.3	**(51,840,094)**	**(133,036,559)**
Less: current portion of derivative financial instruments		**51,840,094**	**34,053,290**
Non-current portion		**-**	**(98,983,269)**

Gain in fair value of hedge instrument is attributable to:

	Note	Year ended 31 December 2023	Year ended 31 December 2022
Ordinary shareholders of the parent company		**59,142,337**	(242,087,383)
Non-controlling interest	34.2	**19,819,395**	(81,126,746)
Total		**78,961,732**	**(323,214,129)**

MAC and MBAC entered into interest rate swap agreements ("hedge instrument") with financial institutions for a certain portion of its long-term borrowings to hedge against the changes in the SAIBOR and London Interbank Offer Rate ("LIBOR") ("hedge item"). The hedging instruments and hedging item have similar critical terms such as reference rate, reset dates, payment dates, maturities and notional amount, therefore, the hedge ratio is 1:1.

The arrangement has been designated as hedging arrangement since its inception and subject to prospective testing of hedge effectiveness at each reporting date. As at the reporting date, the hedge effectiveness was evaluated to be 100% as all critical terms matched throughout the year.

The various agreements entered into by the companies were as follows:

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			Weighted average hedge rate for the year	
Effective date	**Maturity date**	**Notional amount**	**SAIBOR**	**LIBOR**
1 October 2018	29 September 2023	1,820,250,000	-	3.02%
1 April 2019	1 April 2024	1,800,000,000	3.78%	-
30 June 2019	28 June 2024	1,227,187,500	-	2.23%
Total notional hedge exposure (Note 46.1.2)		**4,847,437,500**		

The swap contracts require settlement of net interest receivable or payable every six months ending 31 March / 30 June and 30 September / 31 December. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

The effect of interest swaps on the company's financial position and performance is as follows:

	31 December 2023	31 December 2022
Carrying amount of asset – MAC	**(31,432,286)**	(78,306,485)
Carrying amount of asset – MBAC	**(20,407,808)**	(54,730,074)
Carrying amount of asset, net	**(51,840,094)**	(133,036,559)
Notional amount	**3,027,187,500**	4,847,437,500
Hedge ratio	**1:1**	1:1
Loss / (gain) in value of hedge item used to determine hedge effectiveness	**78,961,732**	(323,214,129)

Accumulated gain in fair value of outstanding hedging instruments

	Year ended 31 December 2023	Year ended 31 December 2022
1 January	**(120,251,149)**	202,962,980
Change in fair value of hedging instrument recognized in OCI	**(17,418,677)**	(267,101,680)
Transferred from OCI to profit or loss	**96,380,409**	(56,112,449)
Changes in fair value and transfer to profit or loss, net	**78,961,732**	(323,214,129)
31 December	**(41,289,417)**	**(120,251,149)**

39 Employees' benefits

	Notes	31 December 2023	31 December 2022
Employees' end of service termination benefits obligation	39.1	**1,010,166,551**	893,489,959
Employees' savings plan	39.2	**236,649,283**	209,169,953
Total		**1,246,815,834**	**1,102,659,912**

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39 Employees' benefits (continued)

39.1 Employees' end of service termination benefits obligation

The Group operates a termination benefit plan in line with the Labor Law requirement in the Kingdom of Saudi Arabia for each of the respective subsidiary entities. 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 Labor 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 they are due.

Amounts recognized in the consolidated statement of financial position

The amounts recognized in the consolidated statement of financial position and the movements in the employees' end of service termination benefits obligation over the year is as follows:

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
1 January		893,489,959	788,818,088
Total amount recognized in profit or loss		147,967,049	101,263,281
Current service cost		103,621,355	90,714,419
Past service cost		-	(10,466,628)
Finance cost	13	44,345,694	21,015,490
Loss attributable to the re-measurements of employees' end of service termination benefits obligation	39.1.1	14,384,636	50,446,039
Gains from change in demographic assumptions		(18,037,238)	-
Losses / (gains) from change in financial assumptions		393,686	(12,926,745)
Experience losses		32,028,188	63,372,784
Settlements		(45,675,093)	(47,037,449)
31 December	39	**1,010,166,551**	**893,489,959**

39.1.1 Loss attributable to the re-measurements of employees' end of service termination benefits obligation recognized in other comprehensive income:

	Note	Year ended 31 December 2023	Year ended 31 December 2022
Re-measurement loss debited in other comprehensive income during the year*	39.1	14,384,636	50,446,039

*Re-measurement loss debited in other comprehensive income during the year is attributable to:

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
Shareholders of the parent company		13,175,901	45,245,121
Non-controlling interest	34.2	1,208,735	5,200,918
Total		**14,384,636**	**50,446,039**

Significant actuarial assumptions

The significant actuarial assumptions used in determining employees' end of service benefits obligation were as follows:

	31 December 2023	31 December 2022
Discount rate	4.75%	4.80%
Salary increase rate	4.75%	4.80%
Mortality rate	WHO SA19	A80 table
Withdrawal rate	Light	Light

Sensitivity analysis

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

	Sensitivity level % increase	Impact on termination benefit obligation	Sensitivity level % decrease	Impact on termination benefit obligation
31 December 2023				
Discount rate	1%	(92,254,260)	1%	108,566,778
Salary increase rate	1%	92,208,169	1%	(80,364,992)
Mortality rate	10%	(258,181)	10%	244,523
Withdrawal rate	10%	(3,712,795)	10%	3,352,198
31 December 2021				
Discount rate	1%	(101,512,516)	1%	108,566,778
Salary increase rate	1%	121,231,194	1%	(80,364,992)
Mortality rate	10%	(143,451)	10%	244,523
Withdrawal rate	10%	(1,993,331)	10%	2,068,551

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. When calculating the sensitivity of the employees' end of service termination benefit obligation to significant actuarial assumptions the same method (present value of the employees' end of service termination benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the employees' end of service termination benefit obligation recognized in the consolidated statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior year.

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39 Employees' benefits (continued)

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

Effect of employees' end of service termination benefits obligation on entity's future cash flows

The weighted average duration of the employees' end of service termination benefits obligation is 10.03 years. The expected maturity analysis of undiscounted employees' end of service termination benefits obligation is as follows:

	31 December 2023	31 December 2022
2023	-	57,417,305
2024	65,145,791	35,303,069
2025	92,400,171	34,042,637
2026	82,814,726	39,677,747
2027	90,299,903	40,841,991
2028	122,538,718	122,538,718
2029 and thereafter	623,788,085	1,456,476,533
Total	**1,076,987,394**	**1,786,298,000**

39.2 Employees' savings plan

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
1 January		209,169,953	177,867,864
Contribution for the year		75,571,032	131,522,578
Withdrawals during the year		(48,091,702)	(100,220,489)
31 December	29,39	**236,649,283**	**209,169,953**

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40 Trade, projects and other payables

	Notes	31 December 2023	31 December 2022
Non-current portion			
Non-refundable contributions	40.1	204,954,316	168,331,386
Project payable		253,059,361	-
Non-controlling interest put option	40.2	-	53,859,889
Sub-total		**458,013,677**	222,191,275
Current portion			
Payable to non-controlling interest on acquisition	40.2	33,099,589	-
Retention payable		540,248,686	539,061,668
Projects		692,881,830	901,737,382
Trade		2,861,442,228	2,561,745,092
Rebate payable to customers		75,382,173	74,027,594
VAT payable		3,860,669	10,287,202
Deferred income against in-kind investment in Ma'aden IE JV	21	226,300,324	-
Other		116,568,215	180,964,038
Sub-total		**4,549,783,714**	**4,267,822,976**
Total	46.3,48	**5,007,797,391**	**4,490,014,251**

40.1 Movement in non-refundable contributions

	Note	Year ended 31 December 2023	Year ended 31 December 2022
1 January		168,331,386	91,902,460
1% deduction from certain contractor's progress payments		41,531,040	96,095,926
Payments made to community support project		(4,908,110)	(19,667,000)
31 December	40	**204,954,316**	**168,331,386**

Contributed by one of the MAC's and MWSPC's contractors to support the companies' objective to establish a social responsibility fund for the development of a community project.

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40 Trade, projects and other payables (continued)

40.2 Non-controlling interest Put options

Movement in non-controlling interest Put options is as follows:

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
1 January		53,859,889	41,852,921
Settlement during the year	34.4	(28,469,134)	-
Revaluation loss		7,708,834	12,006,968
31 December	33, 40,49	33,099,589	**53,859,889**

The Group, through its subsidiary MMDC, acquired 85% of issued share capital of the Meridian Consolidated Investments Limited (Meridian Group or Meridian) carrying full voting rights, a leading fertilizer distribution network company operating in East Africa on 8 August 2019.

The shareholders' agreement between Ma'aden and Meridian include clauses of Put options whereby the non-controlling interest equity holders in Meridian may exercise their Put options in respect of the following tranches of non-controlling interest held in Meridian at any time during the Put Option exercise period:

Relevant tranche	Percentage of non-controlling interest	Put option reference period
First tranche	25%	Financial year end of Meridian on 31 March 2020 ("FY20")
Second tranche	25%	Financial year end of Meridian on 31 March 2021 ("FY21")
Third tranche	25%	Financial year end of Meridian on 31 March 2022 ("FY22")
Fourth tranche	25%	Financial year end of Meridian on 31 March 2023 ("FY23")

The decision to exercise the Put option or otherwise to roll-over the relevant tranche to a later Put option reference date shall be made by the non-controlling equity holders in Meridian between 45 and 90 days before the Put option reference date ("Put option exercise period").

As per the terms of shareholders' agreement, Put options held by the non-controlling equity holders in Meridian are binding irrevocable options to sell the remaining 15% shareholding to MMDC in 2023 if the options are not exercised before that. The call and put option exercise price for each relevant tranche shall be calculated in accordance with the shareholders' agreement i.e. by applying relevant multiplier to the audited EBITDA for the relevant tranche multiplied by non-controlling interest shares subject to the call and put option divided by the total number of shares of Meridian.

Up to the year 2021, the Group has completed first and second tranche and acquired additional 3.75% against each tranche from the non-controlling equity holders of Meridian. On 13 October 2021 and 6 December 2021, acquisition of additional cumulative 7.5% of Meridian was completed after obtaining all the necessary regulatory and legal approvals. During the year, the Group acquired a third tranche with an additional 3.75% from the non-controlling equity holders of Meridian. Subsequent to the year-end, on 11 January 2024, the Group has completed fourth tranche and acquired remaining 3.75% from the non-controlling equity holder of Merdian which has resulted Ma'aden to be 100% equity holder of Meridian. This is a level 3 fair valuation as per IFRS 13.

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41 Accrued expenses

	Notes	31 December 2023	31 December 2022
Projects		153,887,174	141,204,075
Trade		4,345,997,317	3,914,053,146
Employees		564,825,891	494,780,317
Accrued expenses – Alcoa Corporation	44.1,44.3	4,484,579	1,616,821
Accrued expenses – The Mosaic Company	44.1,44.3	1,004,713	-
Total	46.3,48	5,070,199,674	**4,551,654,359**

Accrued expenses for projects mainly represent the contract cost accruals in relation to Corporate, MGBM, MFC and MWSPC.

Accrued expenses for Alcoa Corporation mainly represent the personnel and other cost accruals related to the Alcoa Corporation employees seconded to MAC and MBAC.

Accrued expenses for The Mosaic Company mainly represents the personnel and other cost accruals related to the Mosaic employees seconded to MWSPC.

42 Zakat and income tax payable

	Notes	31 December 2023	31 December 2022
Zakat payable	42.2	562,927,026	580,936,176
Income tax payable	42.4	45,779,205	135,956,595
Total		608,706,231	**716,892,771**

42.1 Components of zakat base

The significant components of the zakat base of each company under the zakat and income tax regulation are as follows:

- shareholders' equity at the beginning of the year,
- provisions at the beginning of the year,
- long term borrowings,
- adjusted net income,
- spare parts and consumable materials,
- net book value of mine properties,
- net book value of property, plant and equipment,
- net book value of capital work-in-progress,
- net book value of intangible assets,
- carrying value of investment in joint ventures and
- other items.

Zakat is payable at 2.578% of the zakat base, excluding adjusted profit for the year, attributable to the shareholders. Zakat on adjusted profit for the year is payable at 2.5%.

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42 Zakat and income tax payable (continued)

42.2 Zakat payable

	Note	Year ended 31 December 2023	Year ended 31 December 2022
1 January		**580,936,176**	249,299,461
Provision for zakat		**491,652,190**	595,998,573
Current year		**433,883,113**	540,758,773
Prior year under provision		**57,769,077**	55,239,800
Paid during the year to the authorities		**(509,661,340)**	(264,361,858)
31 December	42	**562,927,026**	**580,936,176**

42.3 Zakat and income tax assessments

The Company and its wholly owned subsidiaries have filed their consolidated zakat returns up to 31 December 2022 and have received zakat certificates for the same. The Company and its wholly owned subsidiaries have finalized its assessments with the Zakat, Tax and Customs Authority ("ZATCA") up to 31 December 2018. The ZATCA has issued assessments for the years ended 31 December 2019 to 2020 with an additional zakat liability of SAR 35 million. The Company filed an appeal with ZATCA's against SAR 22 million relating to matters not agreed by the Company.

In respect of partly owned subsidiaries, comprising of Saudi and foreign shareholders, zakat and income tax returns have been filed from the date of incorporation until 31 December 2022 and zakat and income tax certificates up to 31 December 2022 have been received. In respect of MBAC and MWSPC, ZATCA has finalized assessments up to 31 December 2018. For MPC, ZATCA has finalized assessments up to 31 December 2017. The ZATCA has issued assessments for the years 2015 to 2018 for MAC and for 2015 to 2017 for MRC with an additional zakat liability of approximately SAR 18 million and SAR 9 million, respectively. MAC and MRC have filed an appeal against the General Secretariat of Tax Committees resolution.

Based on the Group's assessment, it is not anticipated that any material liabilities, other than currently recognized, will be incurred as a result of outstanding assessments.

42.4 Income tax payable

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
1 January		**135,956,595**	98,554,116
Income tax expense	22.1	**63,208,281**	207,867,352
Current year		**54,288,211**	207,867,352
Prior year over provision		**8,920,070**	-
Paid during the year to the authorities		**(153,385,671)**	(170,464,873)
31 December	42	**45,779,205**	**135,956,595**

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43 Severance fees payable

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
1 January		**(13,087,353)**	220,771,506
Provision for severance fees made during the year	8	**465,470,411**	113,665,444
Current year charge	43.1	**186,525,905**	118,074,662
Prior year adjustment		**278,944,506**	(4,409,218)
Paid during year to the authorities		**(386,767,244)**	(347,524,303)
31 December		**65,615,814**	**(13,087,353)**

Severance fees classified as:

	Note	31 December 2023	31 December 2022
Severance fees payable		**65,615,814**	21,886,722
Advance severance fees	25	**-**	(34,974,075)
31 December		**65,615,814**	**(13,087,353)**

In accordance with the Mining Law, the Group is required to pay to the Government of Saudi Arabia severance fees representing equivalent of 20% of hypothetical income net of proportionate zakat due to ZATCA in addition to specified percentage of the net value of the minerals upon extraction. Severance fees were charged to cost of sales in the consolidated statement of profit of loss up to 31 March 2023 in accordance with IFRIC 21 "Levies" as a levy on extraction of minerals.

During the quarter ended 30 June 2023, the Ministry shared new interpretations under the Mining Law which had resulted in additional severance fees charge of SAR 192 million relating to the year 2022 which has been accounted for as a change in estimate and judgment applied by the management in evaluating the new interpretations. The Group has analyzed new interpretations to the Mining Law and have accounted for severance fees equivalent of 20% of hypothetical income net of proportionate zakat due to ZATCA under IAS 12 "Income Taxes" as it now falls under the scope of IAS 12. Accordingly, such component of severance fees along with the deferred severance income / expense, net has been presented separately in the consolidated statement of profit or loss.

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43 Severance fees payable (continued)

43.1 Provision for severance fees consists of:

	Year ended 31 December 2023	Year ended 31 December 2022
Gold mines	128,546,223	49,421,158
Phosphate ore	55,305,325	66,072,465
Low grade bauxite	1,253,590	1,275,684
Kaolin	691,067	599,495
Magnesia	729,700	705,860
Total	**186,525,905**	**118,074,662**

44 Related party transactions and balances

44.1 Related party transactions

Transactions with related parties carried out during the year under review, in the normal course of business, are summarised below:

Transactions with different non-controlling shareholders in subsidiaries, joint ventures and business entities in which certain directors have an interest

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
Sales of MAC to Alcoa Inespal, S.A., in accordance with a shareholders off-take agreement, during the year		1,153,260,369	1,469,642,979
Sales of MPC through SABIC (a government controlled entity), in accordance with a marketing agreement, during the year		1,495,745,603	2,352,572,813
Sales of MWSPC through SABIC, in accordance with a marketing agreement, during the year		1,693,594,555	2,135,348,364
Sales of MWSPC through The Mosaic Company, in accordance with a marketing agreement, during the year		1,524,281,666	1,995,908,298
Cost of seconded employees, technology fee and other cost charged by Alcoa Corporation during the year to MAC and MBAC	41	12,442,859	11,849,108
Cost of seconded employees, technology fee and other cost charged by the Mosaic Company during the year to MWSPC	41	29,150,904	25,851,100
Purchase of raw material from SAMAPCO (a joint venture) during the year		380,213,567	550,510,460
Purchase of raw material supplies from Saudi Aramco (a government controlled entity)		1,892,015,407	3,350,319,862
Finance cost incurred on long term borrowings from PIF (MAC and MBAC)		446,504,446	235,549,028
Additional investment in Ivanhoe Electric Inc. (IE)		76,628,531	-
Dividend received from MBCC (a joint venture)		348,750,000	466,875,000
Dividend declared attributable to non-controlling shareholders:			
▪ SABIC (MPC and MWSPC)		506,250,000	225,000,000
▪ Mosaic Company (MWSPC)		93,750,000	-
▪ Alcoa Saudi Smelting Inversiones S.L. (MAC)		56,742,190	-
Cost of sponsorship charged by Saudi Mining Services Company for Future Mineral Forum		12,331,609	-
Director remuneration paid to PIF representatives		1,772,712	2,009,000
Cost of sponsorship charged by Future Investment Initiative Institute		5,625,000	-

44.2 Key management personnel compensation

	Year ended 31 December 2023	Year ended 31 December 2022
Short-term employee benefits	63,531,848	40,805,371
Employees' end of service termination benefits	5,433,183	5,737,473
Total	**68,965,031**	**46,542,844**

44.3 Related party balances

Amount due from / (to) related parties arising from transactions with related parties are as follows:

	Notes	31 December 2023	31 December 2022
Trade and other receivables due from:			
Non-controlling shareholders:			
SABIC in MPC - trade		143,150,793	129,194,835
SABIC in MWSPC - trade		269,987,554	265,949,560
Sub-total – trade receivables due from SABIC	27	413,138,347	395,144,395
The Mosaic Company in MWSPC - trade	27	250,407,996	275,937,379
Sub-total – trade receivables due from non-controlling shareholders		663,546,343	671,081,774
Subsidiary of a non-controlling shareholder:			
Alcoa Inespal, S.A. in MAC - trade	27	221,865,958	266,737,806
A joint venture company – other receivables:			
MBCC	27	168,124	141,818
Manara	27	4,809,655	-
Ma'aden IE Electric	27	1,124,921	-
Parent company of a non-controlling shareholder:			
Rebate receivable from Saudi Aramco related to purchase of molten sulfur by MPC and MWSPC	27	172,673,628	619,914,001
Total		**1,064,188,629**	**1,557,875,399**
Advances to the parent company (Saudi Aramco) of a non-controlling shareholder		76,628,531	-
Long-term borrowings from PIF			
Due to PIF for the financing of the:			
MAC facility	35	3,330,371,241	3,912,137,330
MBAC facility	35	2,525,238,179	2,583,195,425
Total		**5,855,609,420**	**6,495,332,755**

The Group also has borrowing arrangements with certain other governmental agencies at market terms. See Note 35 for significant transactions entered during the year.

Cash and cash equivalents and time deposits: As at 31 December 2023, cash and cash equivalents and time deposits include balances held with government controlled financial institutions at market terms amounting to SAR 3.6 billion (31 December 2022: SAR 5.2 billion).

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44 Related party transactions and balances (continued)

44.3 Related party balances (continued)

	Notes	31 December 2023	31 December 2022
Payable to the parent company (ultimate shareholder) of a non-controlling shareholder:			
▪ Accrued expenses due to Alcoa Corporation in MAC and MBAC	41	**4,484,579**	1,616,821
Payable to the parent company of a non-controlling shareholder:			
▪ Payable to Saudi Aramco by MPC and MWSPC		**-**	88,439,998
Payable to a non-controlling shareholder			
▪ Accrued expenses due to The Mosaic Company in MWSPC	41	**1,004,713**	-
Payable to a joint venture company:			
▪ SAMAPCO – trade		**69,619,045**	68,230,333

45 Commitments and contingent liabilities

45.1 Capital commitments

	31 December 2023	31 December 2022
Capital expenditure contracted for:		
Property, plant and equipment	**2,302,311,125**	574,052,923

45.2 Guarantees

	31 December 2023	31 December 2022
Guarantee in favor of Saudi Aramco, for future diesel and gas feedstock supplies	**236,287,513**	234,030,088
Guarantee in favor of Saudi Aramco for future supply of molten sulfur	**-**	426,937,500
Guarantees in favor of Ministry of Industry and Mineral Resources, for future purified phosphoric acid, fuel and feed stocks supplies	**-**	262,500,000
Guarantee in favor of Saudi Ports Authority (a government controlled entity)	**6,671,580**	6,671,580
Guarantee in favor of Ras Al-Khair Port for land lease	**30,916,900**	30,916,900
Others	**1,575,791**	2,134,622
Total	**275,451,784**	**963,190,690**

45.3 Letters of credit

	31 December 2023	31 December 2022
Letter of credit in favor of Engro Eximp FZE	-	14,175,000
Letter of credit in favor of SMS Group GMBH	-	4,637,680
Letter of credit in favor of Jordan Phosphate Mine for future supply of concentrated rock	-	4,383,750
Letter of credit in favor of Glama Maschinenbau GMBH	-	3,266,466
Total	**-**	**26,462,896**

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45.4 Contingent liabilities

The Group 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 relating to the Group's capital projects. Based on the Group's assessment, it is not anticipated that any material liabilities will be incurred as a result of these contingencies.

46 Financial risk management

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

- market risk
- credit risk and
- liquidity risk

46.1 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 exchange risk,
- Cash flow and fair value interest rate risk and
- commodity price risk

Financial instruments affected by market risk includes other investments, trade receivables, time deposits, cash and cash equivalents, long-term borrowings, lease liabilities, trade, projects and other payables, accrued expenses and derivative financial instruments.

The sensitivity analysis in the following sections relate to the positions as at the reporting date.

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 Group's financial instruments and show the impact on profit or loss and shareholders' equity, where applicable.

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

46.1.1 Foreign currency exchange risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's functional and reporting currency is the Saudi Riyal. The Group'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 Group is not exposed to any risk from USD denominated financial instruments.

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

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46 Financial risk management (continued)

46.1 Market risk (continued)

Foreign currency exposure

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

	31 December	
	2023	2022
Project, trade and other payables and accrued expenses	109,963,292	109,872,883

Amount recognized in consolidated financial statements

During the year, the following foreign exchange related amounts were recognized in the consolidated statement of profit or loss:

		Year ended 31 December	
	Note	2023	2022
Foreign exchange (loss) / gain included in other income / expense, net	14	(55,949,579)	25,950,427

Foreign currency sensitivity analysis

As shown in the table above, the Group 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 balances.

Impact on post-tax profit / equity of increase / (decrease) in foreign exchange rate:

	Year ended 31 December	
	2023	2022
SAR/ EURO exchange rate		
▪ Increase by 10%	(4,415,837)	(4,318,394)
▪ decrease by 10%	4,415,837	4,318,394

The Group's exposure to other foreign exchange movements is not material.

46.1.2 Cash flow and fair value interest rate risk

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

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

Cash flow hedge

The Group has entered into interest rate swap agreements which have been designated as cash flow hedge. Since the critical terms under the hedging arrangement are similar, the hedging effectiveness is expected to remain 100% throughout the life of the hedging arrangement. Below is the notional amount covered under the hedging arrangement:

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		31 December	
	Note	2023	2022
Notional amount hedged	38	3,027,187,500	4,847,437,500

Other comprehensive income is sensitive to higher / lower interest expense from net settled derivative as a result of changes in interest rates. The Group's other comprehensive income is affected as follows:

	31 December	
	2023	2022
Interest rate		
increase by 100 basis points	60,756,880	74,435,928
decrease by 100 basis points	(60,756,880)	(74,435,928)

Interest rate exposure

The exposure of the Group's borrowing to interest rate changes and the contractual re-pricing dates of the variable interest rate borrowings at the end of the reporting period is as follows:

		31 December	
	Note	2023	2022
Fixed interest rate borrowings		5,095,000,000	5,675,000,000
Variable interest rate borrowings – repricing dates			
6 months or less		32,375,670,572	35,869,758,227
Total	35	**37,470,670,572**	**41,544,758,227**

Interest rate sensitivity analysis

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

	31 December	
	2023	2022
Interest rate		
increase by 100 basis points	(507,013,585)	(471,065,382)
decrease by 100 basis points	507,013,585	471,065,382

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46 Financial risk management (continued)

46.1 Market risk (continued)

46.1.3 Commodity price risk

The Group is exposed to the risk of fluctuations in prevailing market commodity prices on the mix of the mineral products it produces.

The Group makes sale of certain gold, by-products, phosphate and aluminium products on a provisional pricing basis. Revenue and a corresponding receivable from the sale of provisionally priced commodities is recognized when control over the promised goods have been transferred to the customer (which would generally be at a point in time, i.e. the date of delivery) 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 Group faces a risk that future adverse change in commodity prices would result in the reduction of receivable balance. The Group's normal policy is to sell its products at prevailing market prices. The Group does not generally believe commodity price hedging would provide long-term benefit to the shareholders.

Commodity price exposure

The exposure of the Group's trade receivables balance to changes in commodity prices are as follows:

	31 December	
	2023	2022
Trade receivables pertaining to:		
Phosphate	**2,869,772,629**	3,919,263,513
Aluminium	**1,662,737,494**	1,749,425,977
Gold	**379,961,078**	225,688,055
Total	**4,912,471,201**	**5,894,377,545**

Policies and procedure to manage commodity price risk

The Group policy is to manage these risks through the use of contract-base prices with customers.

Commodity price sensitivity analysis

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

	31 December	
	2023	2022
Increase / (decrease) in phosphate prices		
Increase of 10% in USD per tonne	**369,132,664**	282,933,867
Decrease of 10% in USD per tonne	**(369,132,664)**	(282,933,867)
Increase / (decrease) in aluminium LME prices		
Increase of 10% in USD per tonne	**623,415,571**	768,448,566
Decrease of 10% in USD per tonne	**(623,415,571)**	(768,448,566)
Increase / (decrease) in gold prices		
Increase of 10% in USD per oz	**298,720,783**	225,232,077
Decrease of 10% in USD per oz	**(298,720,783)**	(225,232,077)

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Physical commodity contracts

The Group enters into physical commodity contracts in the normal course of business. These contracts are not derivatives and are treated as executory contracts, which are recognized and measured at cost when the transaction occur.

46.2 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 Group is exposed to credit risk on the following financial instruments, while it uses two types of ECL approaches for its financial instruments:

	Notes	Category	31 December 2023	31 December 2022	Impairment model approach
Financial assets class					
Investment in securities	23	Amortized cost	**36,266,000**	36,266,000	General
Trade and other receivable (less VAT and employees' home ownership program receivables and trade receivables carried at FVTPL)	27	Amortized cost	**2,484,081,741**	3,473,264,446	Simplified
Time deposits	28	Amortized cost	**5,034,358,969**	10,034,634,217	General
Cash and cash equivalents	29	Amortized cost	**10,536,860,355**	6,338,244,185	General
Total			**18,091,567,065**	**19,882,408,848**	

ECL approaches

The Group uses staging criteria to determine the ECL on its financial instruments. Following are the stages which are being used by the Group 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	Other investments
1	Days past Due	0	0	0-14
2	External rating (where applicable)*	Investment Grade	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 Group 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).

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46 Financial risk management (continued)

46.2 Credit risk (continued)

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

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

The Group 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.

Stage-2 - Significant increase in credit risk ("SICR")
The Group considers the following indicators to be determinants of the SICR:

Sr. no	Indicators	Cash and cash equivalents	Time deposits	Other investments
1	Days past Due	1-6	1-6	15-29
2	External rating	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 Group 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 Group 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 (DPD)	7+	7+	30+	90+
2	External rating (where applicable)		In default		

* If the Group 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 Group applies stage-2 for ECL estimation.

Similarly, where the counterparty balance does not go beyond DPD of 90+, but the Group 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; and
- other information.

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In this case, ECL would be applied as follows:

a) The Group 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 Group 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 Group 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.

Simplified approach for estimating ECL:

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

The Group has limited number of customers and have no history of defaults. The Group does not use any groupings for the counterparties for the assessment of credit risk. The Group 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 Group 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 Group does not have any history of write-offs. At 31 December 2023, 71% (31 December 2022: 65%) of the Groups 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. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

Credit risk exposure

The Group 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 Group has limited number of customers and have no history of defaults. The Group 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 recognized at an amount equal to 12 month ECL unless there is evidence of significant increase in credit risk of the counter party.

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46 Financial risk management (continued)

46.2 Credit risk (continued)

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The Group assesses 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 Group 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 behavior of the borrower, including changes in the payment status of borrowers in the Group and changes to the operating results of the borrower

	Notes	Life time ECL not credit impaired	Life time ECL credit impaired	Total
Trade and other receivable (less VAT and employees' home ownership program receivables and trade receivables carried at FVTPL)	27	2,525,077,690	-	2,525,077,690
Less: Allowance for expected credit losses				
Unsecured	27.1	(40,995,949)	-	(40,995,949)
Carrying amount		**2,484,081,741**	**-**	**2,484,081,741**

	Notes	12 month ECL	Life time ECL not credit impaired	Life time ECL credit impaired	Total
Time deposits	28	4,930,908,347	-	-	4,930,908,347
Less: Credit loss allowance	28.1	(1,606,335)	-	-	(1,606,335)
Carrying amount		**4,929,302,012**	**-**	**-**	**4,929,302,012**

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Trade receivables

The analysis of trade receivables that were past due but not impaired are as follows:

	Note	31 December 2023	31 December 2022
Neither past due nor impaired		**4,427,035,513**	5,577,100,790
Past due not impaired			
< 30 days		**600,839,015**	540,544,335
30-60 days		**1,319,549**	15,029,211
61-90 days		**22,401,415**	312
> 90 days, net of provision for impairment		**19,951,856**	1,264,066
Total	27	**5,071,547,348**	**6,133,938,714**

As of 31 December 2023 and 31 December 2022, the amount due for other receivables are neither past due and nor impaired.

46.3 Liquidity risk

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

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. The Group held the following deposits and cash and cash equivalents that are expected to readily generate cash inflows for managing liquidity risk. Further, the Group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

	Notes	31 December 2023	31 December 2022
Unrestricted time deposits	28	**4,930,238,962**	9,956,250,000
Unrestricted cash and cash equivalents	29	**10,300,880,457**	6,129,074,231
Total		**15,231,119,419**	**16,085,324,231**

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46 Financial risk management (continued)

46.2 Credit risk (continued)

Liquidity risk exposure

The Group had access to the following undrawn borrowing facilities at the end of the year:

	Note	31 December 2023	31 December 2022
Floating rate			
Expiring beyond 1 year			
Syndicated revolving credit facility	35	**11,250,000,000**	11,250,000,000
Other facilities		**500,000,000**	2,028,306,250
Total		**11,750,000,000**	**13,278,306,250**

Maturities of financial liabilities

The tables below analyze the Group'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.

Contractual maturities of financial liabilities	1st year	2nd year	3 - 5 years	Over 5 years	Total contractual cash flows	Carrying amount of liabilities
Non-derivatives as at: 31 December 2023						
Long-term borrowings (Note 35)	**6,342,199,273**	**7,804,265,350**	**14,162,405,181**	**19,994,258,007**	**48,303,127,811**	**37,307,890,683**
Lease liabilities (Note 37)	**384,205,671**	**273,852,830**	**357,374,187**	**1,500,510,386**	**2,515,943,074**	**1,734,404,351**
Trade, projects and other payables – Less deferred income and VAT payable (Note 40)	**4,319,622,721**	**458,013,677**	**-**	**-**	**4,777,636,398**	**4,777,636,398**
Accrued expenses (Note 41)	**5,070,199,674**	**-**	**-**	**-**	**5,070,199,674**	**5,070,199,674**
Total	**16,116,227,339**	**8,536,131,857**	**14,519,779,368**	**21,494,768,393**	**60,666,906,957**	**48,890,131,106**
Non-derivatives as at: 31 December 2022						
Long-term borrowings (Note 35)	4,873,708,303	4,832,528,798	17,957,758,742	24,865,389,713	52,529,385,556	41,190,631,426
Lease liabilities (Note 37)	345,812,797	296,705,429	450,862,677	1,578,871,571	2,672,252,474	1,844,104,687
Trade, projects and other payables – Less deferred income and VAT payable (Note 40)	4,257,535,774	222,191,275	-	-	4,479,727,049	4,479,727,049
Accrued expenses (Note 41)	4,551,654,359	-	-	-	4,551,654,359	4,551,654,359
Total	**14,028,711,233**	**5,351,425,502**	**18,408,621,419**	**26,444,261,284**	**64,233,019,438**	**52,066,117,521**

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47 Capital management

Risk management

The Group'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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The net debts of the Group are as follows:

	Notes	31 December 2023	31 December 2022
Net debt			
Unrestricted time deposits	28	**4,930,238,962**	9,956,250,000
Unrestricted cash and cash equivalents	29	**10,300,880,457**	6,129,074,231
Long-term borrowings - payable within one year	35	**(3,805,188,996)**	(2,912,154,034)
Long-term borrowings - payable after one year	35	**(33,665,481,576)**	(38,632,604,193)
Lease liabilities - payable within one year	37	**(384,205,671)**	(345,812,797)
Lease liabilities - payable after one year	37	**(2,131,737,403)**	(2,326,439,677)
Net debt		**(24,755,494,227)**	**(28,131,686,470)**

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47 Capital management (continued)

Net debt reconciliation

The movement in net debt is as follows:

		Other assets		Liabilities from financing activities				
	Notes	Time deposits (Note 28)	Cash and cash equivalents (Note 29)	Long-term borrowings - payable within one year (Note 35)	Long-term borrowings - payable after one year (Note 35)	Lease liabilities - payable within one year (Note 37)	Lease liabilities - payable after one year (Note 37)	Total
1 January 2022		970,000,000	7,957,963,418	(4,250,806,238)	(43,089,639,120)	(212,374,805)	(1,776,261,443)	(40,401,118,188)
Additions during the year	37.1	-	-	-	-	-	(1,091,003,241)	(1,091,003,241)
Adjustment	37.1	-	-	-	-	-	(50,197,695)	(50,197,695)
Cash flows for the year		8,986,250,000	(1,828,889,187)	1,338,652,204	4,457,034,927	(133,437,992)	591,022,702	13,410,632,654
31 December 2022		9,956,250,000	6,129,074,231	(2,912,154,034)	(38,632,604,193)	(345,812,797)	(2,326,439,677)	(28,131,686,470)
Additions during the year	37.1	-	-	-	-	-	(288,127,851)	(288,127,851)
Adjustment	37.1	-	-	-	-	-	7,636,576	7,636,576
Cash flows for the year		(5,026,011,038)	4,171,806,226	(893,034,962)	4,967,122,617	(38,392,874)	475,193,549	3,656,683,518
31 December 2023		**4,930,238,962**	**10,300,880,457**	**(3,805,188,996)**	**(33,665,481,576)**	**(384,205,671)**	**(2,131,737,403)**	**(24,755,494,227)**

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

"Long-term borrowings divided by total equity and long-term borrowings (as shown in the consolidated statement of financial position, including non-controlling interests)."

The gearing ratios, in accordance with the financial covenants pertaining to the long-term borrowings (Note 35), as at the end of the year were as follows:

		31 December	
	Note	2023	2022
Long term borrowings	35	**37,307,890,683**	41,190,631,426
Total equity		**56,815,265,134**	56,039,855,115
Total equity and net debt		**94,123,155,817**	97,230,486,541
Gearing ratio		**0.40**	**0.42**

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48 Financial assets and financial liabilities

The Group holds the following classes of financial instruments:

	Notes	Amortized cost	FVTPL	FVTOCI	Total
Financial assets					
As at 31 December 2023					
Investment in securities	23	**36,266,000**	**-**	**445,407,001**	**481,673,001**
Derivative financial instrument (asset)	38	**-**	**51,840,094**	**-**	**51,840,094**
Trade and other receivable (less VAT and employees' home ownership program receivables)	27	**2,484,081,741**	**2,909,515,234**	**-**	**5,393,596,975**
Time deposits	28	**5,034,358,969**	**-**	**-**	**5,034,358,969**
Cash and cash equivalents	29	**10,536,860,355**	**-**	**-**	**10,536,860,355**
Total		**18,091,567,065**	**2,961,355,328**	**445,407,001**	**21,498,329,394**
As at 31 December 2022					
Investment in securities	23	36,266,000	-	-	36,266,000
Derivative financial instrument (asset)		-	133,036,559	-	133,036,559
Trade and other receivable (less VAT and employees' home ownership program receivables)	27	3,473,264,446	3,539,666,792	-	7,012,931,238
Time deposits	28	10,034,634,217	-	-	10,034,634,217
Cash and cash equivalents	29	6,338,244,185	-	-	6,338,244,185
Total		**19,882,408,848**	**3,672,703,351**	**-**	**23,555,112,199**

	Notes	Amortized cost	FVTPL	Total
Financial liabilities				
As at 31 December 2023				
Long-term borrowings	35	**37,307,890,683**	**-**	**37,307,890,683**
Lease liabilities	37	**1,734,404,351**	**-**	**1,734,404,351**
Trade, projects, and other payables (less deferred income and VAT payable)	40	**4,744,536,809**	**33,099,589**	**4,777,636,398**
Accrued expenses	41	**5,070,199,674**	**-**	**5,070,199,674**
Total		**48,857,031,517**	**33,099,589**	**48,890,131,106**

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48 Financial assets and financial liabilities (continued)

	Notes	Amortized cost	FVTPL	Total
Financial liabilities				
As at 31 December 2022				
Long-term borrowings	35	41,190,631,426	-	41,190,631,426
Lease liabilities	37	1,844,104,687	-	1,844,104,687
Trade, projects, and other payables (less deferred income and VAT payable)	40	4,425,867,160	53,859,889	4,479,727,049
Accrued expenses	41	4,551,654,359	-	4,551,654,359
Total		**52,012,257,632**	**53,859,889**	**52,066,117,521**

The Group primarily holds its trade receivables, within a business model, with the objective of collecting the contractual cash flows. However, the contractual terms of trade receivables that do not give rise, on a specific date, to cash flows that are solely payments of principal and interest on the principal outstanding, hence, those trade receivables are carried at fair value through profit or loss.

Long-term borrowings are initially recognized at their fair value (being proceeds received, net of eligible transaction costs incurred) if any. Subsequent to the initial recognition long-term borrowings are measured at amortized cost using the effective interest rate method. The fair value measurement hierarchy, on a non-recurring basis for liabilities, is Level 3 – significant unobservable inputs.

49 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 Group'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 Group can access at the measurement date.
Level 2 -	inputs are 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 Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period 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 the reporting date, the marked-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 recognized at fair value.

SAUDI ARABIAN MINING COMPANY (MA'ADEN) (A Saudi Arabian joint stock company)

Notes to the consolidated financial statements

for the year ended 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

The table below presents the financial assets and financial liabilities at their fair values as at the reporting date based on the fair value hierarchy:

	Notes	Level 1	Level 2	Level 3	Total
As at 31 December 2023					
Financial assets					
Investment in securities	23	**445,407,001**	**-**	**-**	**445,407,001**
Derivative financial instruments (asset)	38	**-**	**51,840,094**	**-**	**51,840,094**
Trade receivables	48	**-**	**2,909,515,234**	**-**	**2,909,515,234**
		445,407,001	**2,961,355,328**	**-**	**3,406,762,329**
Financial liabilities					
Trade, projects, and other payables	40	**-**	**-**	**33,099,589**	**33,099,589**

	Notes	Level 1	Level 2	Level 3	Total
As at 31 December 2022					
Financial assets					
Investment in securities		-	133,036,559	-	133,036,559
Derivative financial instruments (asset)		-	3,539,666,792	-	3,539,666,792
Trade receivables	48	-	3,672,703,351	-	3,672,703,351
Financial liabilities					
Trade, projects, and other payables	40	-	-	53,859,889	53,859,889

There were no transfers between fair value levels during the year 2023 and 2022 respectively.

50 Events occurring after the reporting period

Subsequent to year end, following events have occurred which are considered to be non-adjusting and therefore, financial effect of these events have not been recognized as of 31 December 2023:

a) on 11 January 2024, the Group has acquired an additional 3.75% of MCIL which has resulted in its percentage of holding to 100% (Note 40.2).
b) Following partially owned subsidiaries of the Group announced dividend to their shareholders which are detailed below:

i. MPC declared a dividend amounting to SAR 750 million of which SAR 225 million is attributable to a non-controlling shareholder.
ii. MWSPC declared a dividend amounting to SAR 225 million of which SAR 90 million is attributable to non-controlling shareholders.